

FROB

Annual Accounts for the
financial year ended
31st December 2024 and
Management Report

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

To the Governing Committee of the Fund for Orderly Bank Restructuring (FROB):

Opinion

We have audited the annual accounts of the Fund for Orderly Bank Restructuring (FROB), which comprise the balance sheet as of 31 December 2024, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts give, in all material respects, a true and fair view of the equity and financial position of FROB as of 31 December 2024, and of its results and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as set out in Note 2.1 to the accounts) and, in particular, with the accounting principles and criteria contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are described in the section *Auditor's Responsibilities for the Audit of the Annual Accounts*.

We are independent of FROB in accordance with the ethical requirements including those relating to independence, that are relevant to our audit of the annual accounts in Spain, and we have fulfilled our other ethical responsibilities in accordance with said requirements. We have not provided any services to the Fund other than the audit of the annual accounts, and no circumstances have arisen that, in accordance with the applicable regulations, have impaired our independence or objectivity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were the most significant risks of material misstatement in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investments in Group and Associated Companies

Description

Notes 2.4, 4.2.1, 4.4.1 and 6.2 to the accompanying notes describe the estimates and accounting policies applied in the preparation of the annual accounts for the valuation of investments in group and associated companies and their potential impairments, which, together with the performance of the entities themselves, could affect the valuation of the investments recognised in the annual accounts.

The criteria applied in valuing these investments require significant judgments and estimates by the Chair and Management of FROB. These estimates have therefore been made on the basis of the best information available at the date of preparation of the annual accounts.

Once this analysis has been carried out, when there are indications of impairment in these holdings and investments, FROB performs an impairment test in order to assess whether their recoverable amount is lower than their carrying amount.

The recoverable amount of these investments recognised in the accompanying annual accounts will depend, among other factors, on (i) the effective fulfilment of the key assumptions considered in the business plans, where this is the valuation method used, (ii) the assumptions made on the basis of the best information available, (iii) certain uncertainties regarding the combined effect that specific events or contingencies may have on the investee entities, and (iv) the price that could ultimately be obtained from the sale of the entities in which FROB currently holds an interest.

Our Response

Our audit procedures in relation to this area have included, among others:

- Gaining an understanding of the procedures established at FROB for applying appropriate valuation criteria and mitigating errors in the estimation of such valuations.
- Reviewing and recalculating the impairment tests performed by FROB on the investments.
- Reading and understanding the audited financial information for investments valued on the basis of their net assets.
- Verifying the information disclosed in the Annual Accounts.

Valuation of Guarantees Granted in the Resolution Processes of Credit Institutions and Settlement Agreements

Description

FROB, as the Executive Resolution Authority, granted a number of guarantees in prior years within the framework of various restructuring and resolution processes of credit institutions, mainly in order to complete the sale of the entities. For this purpose, it estimated the amount of provisions to be recognised in accordance with the methodologies set out in Notes 4, 9, and 11 to the accompanying notes to the annual accounts.

As indicated in Note 11 to the accompanying notes to the annual accounts, the definitive settlement of the guarantees granted by FROB took place during 2024. The significance of these agreements in the context of FROB's annual accounts justifies their consideration as a key matter in our audit.

Our Response

Our audit procedures have included, among others:

- Analysing the settlement agreements and their accounting impact.
- Verifying the consistency of the agreed amounts with bank statements.
- Verifying the adequacy of the information disclosed by FROB in the Annual Accounts in relation to the guarantees.

Provisions and Contingencies Arising from Litigation and Claims

Description

In the course of managing the resolution processes in their executive phase, and in exercising the powers granted to it under Law 11/2015, Spanish law and European law, FROB may become involved in administrative, judicial or other legal proceedings arising from the normal course of its activities.

These proceedings generally take a long time to conclude and are complex under the applicable legislation. The Chair and Management of FROB decide when to recognise a provision based on an estimate made using prudent calculation procedures and consistent with the uncertainties inherent in such proceedings.

The analysis of these legal proceedings therefore requires significant judgment and the application of complex estimates, which justifies their consideration as a key matter in our audit.

Our Response

Our audit procedures in relation to this area have included, among others:

- Analysing the recognition and measurement criteria applied by FROB in relation to provisions and contingencies.
- Requesting confirmations from FROB's Legal Department and its external advisers regarding the evaluation and quantification of potential risks.
- Assessing whether the disclosures in the Annual Accounts relating to provisions and contingencies are in accordance with the applicable regulations.

Other Information: Management Report

The other information comprises solely the management report for the 2024 financial year, the preparation of which is the responsibility of the Chair of FROB, and which does not form part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility in relation to the management report, in accordance with the audit regulations, is to evaluate and report on its consistency with the annual accounts, based on the knowledge of the entity obtained in the performance of the audit of those accounts, without extending to information other than that obtained as audit evidence during the audit. Our responsibility also includes evaluating and reporting on whether the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have carried out, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the management report is consistent with that in the annual accounts for the 2024 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibilities of the Chair for the Annual Accounts

The Chair of FROB is responsible for preparing the accompanying annual accounts, so that they give a true and fair view of the equity, financial position and results of FROB, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Chair is responsible for assessing FROB's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless the Chair intends to liquidate FROB or cease its operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the process of preparing and presenting the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objective is to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts.

A more detailed description of our responsibilities for the audit of the annual accounts is included in Annex 1 to this audit report. This description, which appears on the following page 5, forms an integral part of our audit report.

[Stamp: Institute of Chartered Accountants of Spain; PKF ATTEST SERVICIOS EMPRESARIALES, S.L. 2025 No. 01/25/17336 96.00 EUR; CORPORATE SEAL: Audit report on annual accounts subject to Spanish and international auditing standards]

[Stamp: PKF ATTEST Servicios Empresariales, S.L. Registered in the Official Register of Auditors (ROAC) under No. S1520; Alfredo Ciriaco Fernández Registered in the ROAC under No. 17,938]

23 June 2025

Annex 1 to the Audit Report

In addition to the matters included in our audit report, this Annex sets out our responsibilities for the audit of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

As part of an audit conducted in accordance with the audit regulations in force in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chair.
- Conclude on the appropriateness of the Chair's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our findings are based on the audit evidence obtained up to the date of our audit report. However, future facts or conditions may cause the Fund to cease being a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Chair of the FROB regarding, among other matters, the planned scope and timing of the audit and any significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Among the significant risks communicated to the Chair of the FROB, we determine those that have been of greatest significance in the audit of the annual accounts of the current period and, consequently, are considered the most significant risks.

We describe those risks in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

FROB
BALANCE SHEET CORRESPONDING TO 31 DECEMBER 2024 AND 2023
(Thousands of Euros)

ASSETS	Notes	2024	2023	EQUITY AND LIABILITIES	Notes	2024	2023
NON-CURRENT ASSETS				EQUITY			
Intangible assets		-	16	CAPITAL AND RESERVES WITHOUT VALUATION ADJUSTMENTS	8	8.218.200	5.520.847
Property, plant and equipment		162	179	Equity fund		5.520.847	5.065.247
Non-current investments in group companies and associates	6	8.961.829	6.748.554	Profit/(loss) for the period		2.697.353	455.600
Equity instruments		8.961.829	6.748.554				
Non-current financial investments	6	-	-	VALUATION ADJUSTMENTS	8	-	-
Debt securities		-	-	Financial assets at fair value with changes in net equity		-	-
Other financial assets		-	-				
Total non-current assets		8.961.991	6.748.749	NON-CURRENT LIABILITIES		8.218.200	5.520.847
				Non-current provisions	11	4.719	4.595
				Non-current payables	7	-	931.647
				Other non-current debts			931.647
				CURRENT LIABILITIES		4.719	936.242
CURRENT ASSETS				Current provisions	11	-	18.193
Trade and other receivables	6	10	11	Current payables	7	933.182	948.295
Current financial investments	6	1.059	553.290	Other current debts		933.182	948.295
Credits to third parties		-	-				
Debt securities		-	518.901				
Other financial assets		1.059	34.389				
Cash and cash equivalents	5	193.615	122.081	Trade and other payables		574	554
Cash		193.615	122.081	Other payables	7	415	405
				Other debts with public institutions	10	159	149
Total current assets		194.684	675.382				
TOTAL ASSETS		9.156.675	7.424.131	TOTAL EQUITY AND LIABILITIES		9.156.675	7.424.131

Notes 1 to 14 to the Financial Statements are an integral part of the Balance Sheet at 31 December 2024.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

FROB

PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE YEAR

ENDED AT 31 DECEMBER 2024 AND 2023

(Thousands of Euros)

	Notes	Income / (Expenses)	
		Year 2024	Year 2023
CONTINUING OPERATIONS			
1. Revenue	12.1	-	25.123
Fees for activities performed by the FROB as Resolution Authority		-	25.123
2. Other operating income		-	8
3. Personnel costs	12.2	(4.495)	(4.452)
Salaries and wages		(3.854)	(3.816)
Employee benefits expense		(641)	(636)
4. Other operating expenses	12.3	(2.780)	(2.993)
External services		(2.657)	(2.877)
Other operating expenses		(123)	(116)
5. Amortization and depreciation		(33)	(54)
6. Provision surpluses	11	308	22.498
7. Allocation of provisions	11	(124)	(6.254)
Allocation of provisions for EPA and other liabilities		(124)	(6.254)
8. Extraordinary income		1.148	13.253
9. Extraordinary expenses		(3)	(2)
10. Other results	11	93	15.187
RESULTS FROM OPERATING ACTIVITIES		(5.886)	62.314
11. Finance income	6	515.241	10.778
Income from shares in group companies		489.783	-
Banking interests		8.480	5.042
Government debt interest		16.704	5.453
Other interests		274	283
12. Finance expenses	7	(25.277)	(22.460)
Interests and commissions		(25.277)	(22.460)
Update of provisions		-	-
13. Impairment and gains/(losses) on disposal of financial instruments	6	2.213.275	404.968
Impairment and losses		2.213.275	404.968
NET FINANCE INCOME/(EXPENSE)		2.703.239	393.286
PROFIT/(LOSS) FOR THE PERIOD		2.697.353	455.600

Notes 1 to 14 to the Financial Statements are an integral part of the Profit and Loss Account corresponding to the year ended at 31 December 2024.

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FROB

STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED AT 31 DECEMBER 2024 AND 2023

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

(Thousands of Euros)

	Income / (Expenses)	
	Year 2024	Year 2023
PROFIT/(LOSS) FOR THE PERIOD (I)	2.697.353	455.600
Income and expenses recognized directly in equity		
- Measurement of financial instruments	-	-
Financial assets at fair value with changes in net equity	-	-
- Tax effect	-	-
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY (II)	-	-
Amounts transferred to the income statement		
- Measurement of financial instruments	-	-
Financial assets at fair value with changes in net equity	-	-
- Tax effect	-	-
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT (III)	-	-
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	2.697.353	455.600

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Recognized Income and Expenses corresponding to the year ended at 31 December 2024.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED AT 31 DECEMBER 2024 AND 2023

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Thousands of Euros)

	Equity Fund	Profit/(Loss) for the period	Valuation Adjustments	TOTAL
Balance at 31 December 2022	2.848.739	2.216.508		5.065.247
Total recognized income and expenses	-	455.600		455.600
Operations with Fund promoters	2.216.508	(2.216.508)	-	-
- Distribution of previous year's profit/(loss) (Note 3)	2.216.508	(2.216.508)	-	-
Other variations in equity	-	-	-	-
Balance at 31 December 2023	5.065.247	455.600		5.520.847
Adjustments for changes in criteria	-	-	-	-
Adjustments for errors	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2024	5.065.247	455.600		5.520.847
Total recognized income and expenses	-	2.697.353		2.697.353
Operations with Fund promoters	455.600	(455.600)	-	-
- Distribution of previous year's profit/(loss) (Note 3)	455.600	(455.600)	-	-
Other variations in equity	-	-	-	-
Balance at 31 December 2024	5.520.847	2.697.353		8.218.200

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Total Changes in Equity corresponding to the year ended at 31 December 2024.

FROB

STATEMENT OF CASH FLOWS CORRESPONDING TO THE YEAR ENDED

AT 31 DECEMBER 2024 AND 2023

(Thousands of Euros)

	Notes	Collections / (Payments)	
		Year 2024	Year 2023
CASH FLOWS FROM OPERATING ACTIVITIES (I)		485.390	(52.017)
Profit/(Loss) for the period before tax		2.697.353	455.600
Adjustments for:		(2.704.628)	(424.663)
- Amortization and depreciation		33	54
- Impairment corrections	6	(2.213.275)	(404.968)
- Changes in provisions	6 y 11	(184)	(16.244)
- Finance income	6	(515.241)	(10.778)
- Finance expenses	7	25.277	22.460
- Other income and expenses		(1.238)	(15.187)
Changes in working capital		900	(71.514)
- Trade and other receivables	6	1	267
- Other current assets		33.423	-
- Trade and other payables		20	(488)
- Other current liabilities	11	(14.659)	(71.293)
- Other non-current assets and liabilities		(17.885)	-
Other cash flows from operating activities		491.765	(11.440)
- Interests paid	7	(24.879)	(20.744)
- Dividend payments		489.783	-
- Interests received	6	25.716	9.304
- Other payments		1.145	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		518.644	32.858
Payments for investments		(726.445)	(417.350)
- Property, plant and equipment		-	(45)
- Other financial assets	6	(726.445)	(417.305)
Proceeds on divestments		1.245.089	450.208
- Other financial assets	6	1.245.089	450.208
CASH FLOWS FROM FINANCING ACTIVITIES (III)		(932.500)	-
Proceeds and payments from financial liabilities		(932.500)	-
- Repayment and amortization of other debts		(932.500)	-
EFFECT IN VARIATIONS OF EXCHANGE RATES (IV)		-	-
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (I+II+III+IV)		71.534	(19.159)
Cash and cash equivalents at beginning of the year		122.081	141.240
Cash and cash equivalents at year-end		193.615	122.081

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Cash Flows corresponding to the year ended at 31 December 2024.

Notes to the Annual Accounts for the financial year ended 31 December 2024

1. Activity

FROB is a public law entity with its own legal personality and full public and private capacity to carry out its functions. It was established on 14 July 2009 under Royal Decree-Law 9/2009 of 26 June on bank restructuring and the strengthening of the own funds of credit institutions¹. At present, the legal framework under which FROB carries out its activities is set out in Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms (hereinafter, Law 11/2015), which, together with Royal Decree 1012/2015 of 6 November implementing it, transposes into Spanish law Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

The main features of the resolution framework established in Law 11/2015 derive from the incorporation into Spain of the harmonised resolution rules set out in Directive 2014/59/EU and in Regulation (EU) 806/2014 on the Single Resolution Mechanism, and are as follows:

- In the preventive phase of resolution, all entities operating in the market are required to have recovery and resolution plans in place for situations in which they may face difficulties or become non-viable.
- The costs of resolving entity must be borne by shareholders and private creditors or, where applicable, by the industry itself, with special protection afforded to depositors and public funds. To this end, internal loss-absorption mechanisms (bail-in) are established and resolution funds financed by the entities themselves are created.
- Responsibility for resolution, in respect of entities under national jurisdiction as a result of the division of competences between the Single Resolution Board and the National Resolution Authorities established in Article 7 of Regulation (EU) 806/2014, lies in the preventive phase with the Bank of Spain for credit institutions and with the National Securities Market Commission for investment firms. FROB is designated as the Executive Resolution Authority for such entities.

Under this framework, FROB's purpose is therefore to manage the resolution processes of entities in their executive phase, as well as to exercise other powers granted to it by Law 11/2015, by the rest of Spanish law and by European Union Law.

In general, the objectives pursued by resolution processes are as follows:

- Ensure the continuity of those activities, services and operations whose interruption could disrupt the provision of essential services to the real economy or financial stability and, in particular, systemic financial services and payment, clearing and settlement systems, taking into account the size, market share, internal or external connections, complexity or cross-border nature of the entity or its group.
- Avoid adverse effects on the stability of the financial system, preventing the difficulties of one entity from spreading to the system as a whole and maintaining market discipline.
- Ensure the most efficient use of public resources, minimising any extraordinary public financial support that may be required.
- Protect depositors whose funds are guaranteed by the Deposit Guarantee Fund for Credit Institutions and investors covered by the Investment Guarantee Fund.
- Protect the repayable funds and other assets of the clients of the entities.

¹ Repealed by Royal Decree-Law 24/2012 of 31 August on the restructuring and resolution of credit institutions, which was in turn repealed by Law 9/2012 of 14 November on the restructuring and resolution of credit institutions, which elevated its provisions to the rank of law. That Law was also repealed by the current Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms, except as provided in its First Transitional Provision.

The achievement of these objectives will in all cases seek to minimise the cost of resolution and avoid any destruction of value, except where such destruction is essential to achieving the objectives of the resolution..

To finance the resolution measures provided for, FROB has the following financing mechanisms:

- A National Resolution Fund (NRF), without legal personality, administered by FROB and constituted as a separate estate, whose financial resources were set from its creation in 2015, at 1 per cent of the guaranteed deposits of all entities subject to Law 11/2015, that is, the entities required to contribute both to the NRF and to the Single Resolution Fund (SRF). Since the full mutualisation of the different national compartments of the SRF has already taken place, following the end of the transitional period defined in the IGA, the determination of the target level to be reached by the NRF must be based solely on the entities contributing to it, namely investment firms that do not belong to banking groups and branches of third-country institutions. In application of the above, insofar as the current financial resources of the NRF are sufficient to cover 1 per cent of the guaranteed deposits of the entities contributing to the NRF, it was not considered necessary to collect the ex-ante contributions corresponding to the 2024 cycle.

The contributions that FROB collects for the NRF are limited to those entities which, while falling within the scope of Law 11/2015, are not required to contribute to the SRF. Thus, the entities that must contribute to the NRF are investment firms whose legally required minimum share capital is at least €730,000 or whose activity does not meet the characteristics described in Article 1.3.b) of Law 11/2015, provided that they are not included within the scope of consolidated supervision of the parent company carried out by the ECB. In addition, pursuant to Final Provision Eight of Royal Decree-Law 19/2018 of 23 November on payment services and other urgent financial measures, which amended, among others, Articles 1.2.e) and 53.1.a) of Law 11/2015, from the contribution-collection cycle corresponding to the 2019 financial year, branches in Spain of credit institutions and investment firms established outside the European Union have also been included among the entities required to contribute.

- FROB may also, for the fulfilment of its purposes, resort to alternative financing mechanisms such as issuing fixed-income securities, obtaining loans, requesting the opening of credit facilities and carrying out any other borrowing transactions, provided that ordinary contributions are not sufficient to cover the costs of resolution and extraordinary contributions are not immediately accessible or sufficient. In any case, FROB's borrowings, whatever the form of their instrument, shall not exceed the limit established for this purpose in the annual State Budget Acts.
- FROB may request loans from the financing mechanisms of other Member States of the European Union, in cases where ordinary contributions are not sufficient to cover the costs of resolution, extraordinary contributions are not immediately accessible, and the alternative financing mechanisms referred to above cannot be employed on reasonable terms.

These financing mechanisms may be used to the extent necessary to ensure the effective application of the resolution tools. In particular, the financing mechanisms may take the form, among others, of one or more of the following measures:

- The granting of guarantees.
- The granting of loans or credit facilities.
- The acquisition of assets or liabilities, with the possibility of retaining their management or entrusting it to a third party.
- The making of contributions to a bridge institution or to an asset management company.
- The payment of compensation to shareholders and creditors.
- The making of contributions to an entity where certain liabilities are excluded from bail-in.
- The granting of loans to other financing mechanisms.
- The recapitalisation of an entity, under the terms and with the limitations provided for in Law 11/2015.

To cover its operating expenses, FROB collects from the obliged entities the "levy for activities carried out by FROB as the resolution authority", which is governed by the provisions of Law 11/2015 and, failing that, by Law 8/1989 of 13 April on Fees and Public Prices and by Law 58/2003 of 17 December, the General Taxation Law. Its basic features, in accordance with Additional Provision Sixteen of Law 11/2015, are as follows:

- Taxable event. The exercise of supervisory, reporting and resolution tool functions by FROB during the preventive and executive phases of resolution.

- Taxpayers. Credit institutions and investment firms established in Spain.
- Tax base. The amount that each entity must contribute as an ordinary annual contribution to the National Resolution Fund or, where applicable, to the Single Resolution Fund.
- Tax rate. The result of applying a tax rate of 2.5 per cent to the tax base.
- The responsibility for managing, assessing and collecting the levy lies with FROB.
- The proceeds from this levy constitute budgetary revenue of FROB.

In addition, FROB's own funds may be increased through the capitalisation of loans, credit facilities or any other borrowing transaction in which the General State Administration is the creditor.

As regards its legal framework, for budgetary purposes FROB applies, in matters not provided for in Law 11/2015, the provisions of Articles 64 to 68 of Law 47/2003 of 26 November, the General Budgetary Law. However, it is not subject to the following rules:

- The general economic, financial, accounting and control rules applicable to the public bodies dependent on or linked to the General State Administration. The only exceptions are the external audit by the Court of Auditors, as provided for in Organic Law 2/1982 of 12 May on the Court of Auditors, and the submission of its internal economic and financial management to the permanent financial control of the General Intervention Board of the State Administration, in accordance with Chapter III of Title VI of Law 47/2003 of 26 November, the General Budgetary Law.
- The provisions of Law 33/2003 of 3 November on the Assets of Public Administrations in the performance of its resolution functions. In particular, the FROB is not subject to Title VII of the aforementioned law, which concerns the commercial assets of the General State Administration. Accordingly, the holdings, shares, securities and other instruments that FROB may acquire in the exercise of its resolution powers do not form part of the Assets of Public Administrations.

FROB is governed and managed by a Governing Committee which, as of 31 December 2024, was composed of eleven members: the Chair of FROB; four members appointed by the Bank of Spain, one of whom, the Deputy Governor, serves as Vice-Chair; three representatives of the Ministry of Economy, Trade and Enterprise; the Vice-Chair of the National Securities Market Commission; and two representatives of the Ministry of Finance. The sessions of the Committee are also attended, with the right to speak but without voting rights, by the Comptroller General of the State Administration and a representative appointed by the State Attorney General's Office .

However, decisions of the Governing Commission affecting the State General Budget or the management of FROB by its portfolio of holdings, shares, securities and other instruments are taken in a reduced composition, consisting of the Chair of FROB, three representatives of the Ministry of Economy, Trade and Enterprise and two representatives of the Ministry of Finance. These sessions are likewise attended, with the right to speak but without voting rights, by representatives appointed by the Comptroller General of the State Administration and by the State Attorney General.

FROB's registered office is located at number 38 Avenida del General Perón, Madrid.

2. Basis of presentation of the annual accounts and other information

2.1 Financial reporting framework applicable to FROB

These annual accounts have been prepared by the Chair of FROB in accordance with the financial reporting framework applicable to the entity, which is set out in:

- a) The Commercial Code and other applicable commercial legislation.
- b) The Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November and subsequent amendments.
- c) The mandatory rules issued by the Institute of Accounting and Auditing in the development of the General Chart of Accounts and its supplementary rules.
- d) Other applicable Spanish accounting regulations.

2.2 True and fair view

FROB's annual accounts have been drawn from its accounting records and are presented in accordance with the applicable financial reporting framework (see Note 2.1) and, in particular, the accounting principles and criteria contained therein (see Note 4), so as to give a true and fair view of its equity and financial position as of 31 December 2024 and of its results, changes in equity and cash flows for the year then ended.

FROB's annual accounts for the 2023 financial year were approved by the Governing Commission on 13 June 2024, and the annual accounts for the 2024 financial year, which were prepared by the Chair of FROB on 20 June 2025, will be submitted to the Governing Committee for approval and are expected to be approved without modification.

2.3 Accounting principles applied

FROB's annual accounts have been prepared taking into account all mandatory accounting principles and standards that have a significant effect on them (Note 4). There are no accounting principles that are mandatory and have a material effect on these annual accounts that have not been applied. In preparing the annual accounts, no non-mandatory accounting principles have been applied.

2.4 Critical valuation matters and assessment of uncertainty

The information contained in these annual accounts is the responsibility of the Chair of the FROB.

In preparing these annual accounts, estimates have been used in order to value certain items recorded in them. Specifically, estimates have been made to determine the valuation of FROB's holdings in Sareb (Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria, S.A.) and in BFA Tenedora de Acciones, S.A.U., as well as to assess any potential impairment of those holdings.

The recoverable amounts of the equity holdings, as well as any related impairments compared with their carrying amounts, have been calculated as follows:

- a.- In the case of Sareb, based on its value in use, as obtained from the estimated cash flows included in its current financial projections (approved by its Board of Directors on 28 February 2024), compared with the fair value derived from the calculation performed for the Sareb share transactions carried out on 5 April 2022 (see Note 6.2). Both the value in use and the fair value result in a nil value for the Sareb holding. For this reason, the investment in Sareb remains fully impaired in the accompanying balance sheet and had no impact on equity in the 2024 financial year. The value thus calculated is consistent with the company's negative equity.
- b.- With regard to the holding in BFA, and in line with the estimates made in previous years, FROB has considered the best estimate of the recoverable amount to be the individual net equity of the investee, adjusted for the latent capital gains existing at the valuation date, in accordance with Recognition and Measurement Standard 9 of Royal Decree 1514/2007.

Accordingly, as of 31 December 2024, the carrying amount of FROB's investment in BFA, which coincides with its recoverable amount, amounted to 8,961,829 thousand euros (Note 6.2). This figure corresponds to BFA's individual net equity value of 5,560,265 thousand euros, adjusted for latent capital gains of 3,401,564 thousand euros relating to BFA's holding in CaixaBank, as disclosed in BFA's audited annual accounts for 2024. This resulted in the recognition of a reversal of impairment in the amount of 2,213,275 thousand euros.

At the close of the 2023 fiscal year, FROB estimated the recoverable amount of its investment in BFA taking into account BFA's individual net equity, adjusted for the latent capital gains at that date, as disclosed in its audited annual accounts for 2023. This resulted in the recognition of a reversal of impairment of 404,968 thousand euros. Consequently, as of 31 December 2023, the carrying amount of FROB's investment in BFA stood at 6,748,554 thousand euros.

These estimates have been made on the basis on the best information available at the date of preparation of these annual accounts. However, the recovery of these assets at their recorded amounts will depend on the performance of the investee entities and, in the case of BFA, fundamentally on the proceeds obtained from the sale of the shares in Caixabank.

In addition, FROB granted a series of guarantees within the framework of various restructuring and resolution processes of credit institutions, mainly in order to maximise the efficient use of public funds in the sale or integration of certain entities.

In 2024, the final settlement of these guarantees took place (Notes 6.4, 7.3 and 11.2).

The entity is also subject to certain legal claims arising from these disinvestment processes, which are duly analysed to determine their viability (Note 11).

FROB has estimated the amount of provisions recognised in accordance with the methodology described in Note 4.9.

As of 31 December 2024, FROB reported a negative working capital position of 739,072 thousand euros. Nevertheless, FROB's ability to meet its obligations as they fall due is assured by various factors (Note 9).

Accordingly, in preparing the annual accounts for the 2024 financial year, the going concern assumption has been applied, which assumes that FROB will continue in operation and will therefore realise its assets and settle its liabilities in the normal course of business. Therefore, the application of accounting principles is not intended to determine the value of equity for the purposes of a total or partial sale, nor the amount that would result in the event of liquidation.

2.5 Comparative information

The information contained in these annual accounts relating to the 2023 fiscal year is presented solely for comparison with the figures for the 2024 financial year.

2.6 Changes in accounting policies

During the 2024 fiscal year there were no significant changes in accounting policies compared with those applied in 2023.

2.7 Correction of errors

In preparing the accompanying annual accounts, no material errors were identified that would have required a restatement of the amounts included in the 2023 annual accounts.

2.8 Materiality

In determining the information to be disclosed in these notes regarding the various items in the financial statements or other matters, FROB has taken into account materiality in relation to the 2024 annual accounts, in accordance with the Conceptual Framework of the Spanish General Chart of Accounts.

2.9 Environmental impact

Given the nature of FROB's activities, it does not generate any material impact on the environment. For this reason, no information on this matter is disclosed in these annual accounts.

2.10 Information on supplier payment deferrals. Additional Provision Three. "Duty of disclosure" under Law 15/2010 of 5 July

In compliance with Law 15/2010 of 5 July amending Law 3/2004 of 29 December establishing measures to combat late payment in commercial transactions, and with the Resolution of 29 January 2016 of the Institute of Accounting and Auditing, on the information to be included in the notes to the annual accounts regarding the average supplier payment period in commercial transactions, the required information is set out below:

	2024	2023
	Days	
Average supplier payment period	5.95	5.75
Ratio of transactions paid	5.97	5.73
Ratio of transactions pending payment	3.20	14.35
	Thousands of euros	
Total payments made	2,754	3,026
Total outstanding payments	12	3

2.11 Presentation of consolidated financial statements

Spanish commercial law requires, with certain exceptions, that the parent entities of groups of companies prepare the corresponding consolidated annual accounts and the consolidated management report, in which the subsidiaries are included using the full consolidation method.

This legislation provides that an entity is considered a subsidiary of another when the parent company controls it, that is, when it has the power to direct the financial and operating policies of the business with the aim of obtaining economic benefits from its activities. Control - and therefore the existence of a group - is presumed, among other circumstances, when the parent holds the majority of voting rights and has the power to appoint or remove the majority of the members of its board of directors.

In this context, FROB carried out an analysis of the need to present consolidated annual accounts after acquiring, as described in Note 6 to these annual accounts, majority shareholdings in the capital of certain credit institutions. This analysis led to the conclusion, following consultation with the Bank of Spain and the National Securities Market Commission, that there was no legal obligation to do so. The following aspects were taken into account in reaching this conclusion:

- The extremely exceptional circumstances set out in law that require FROB to intervene in processes in which it acquires majority holdings in the capital of institutions or assumes control of their governing bodies.
- The fact that such holdings are acquired by legal mandate and are intended to complete and ensure compliance with the restructuring/resolution plan, which must conclude with the transfer of the business to third parties, and cannot be interpreted as conferring substantive rights aimed at active participation in the management of the businesses by directing their financial and operating policies with a view to obtaining economic benefits from their activities.
- FROB's resource allocation decisions are not based on the cash-flow generating capacity of its assets, but rather on the explicit, unconditional and irrevocable guarantee of the Kingdom of Spain, which assimilates the instruments issued by FROB to Public Debt.

In addition, it should be noted that the presentation of consolidated annual accounts, currently incorporating Sareb and BFA, would not provide investors with relevant information on FROB, since such accounts would not fulfil the purpose of giving a true and fair view of the nature and purpose of its majority holdings.

3. Appropriation of results

The results generated by FROB's assets are allocated to its Equity Fund. The appropriation of results for the 2024 and 2023 fiscal years is as follows:

	Thousands of euros	
	2024	2023
Basis for allocation:		
Balance of the profit and loss account	2,697,353	455,600
Application:		
Equity Fund	2,697,353	455,600

4. Accounting policies

The main recognition and measurement policies applied by FROB in preparing the annual accounts for the 2024 financial year, in accordance with those established by Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November (the "General Chart of Accounts"), are as follows:

4.1 Fixed assets

4.1.1 Intangible assets

Computer software that meets the recognition criteria is capitalised at acquisition or development cost. Amortisation is calculated on a straight-line basis over a period of 4 years from the date each application is put into service.

Software maintenance costs are recognised in profit or loss in the financial year in which they incurred. As of 31 December 2024, no intangible assets of FROB were impaired, nor had any been impaired during the 2024 financial year.

4.1.2 Property, plant and equipment

Initial recognition –

Items of property, plant and equipment are initially measured at cost, being either the purchase price or the production cost, depending on whether they were acquired or self-constructed by the entity.

Acquisition cost includes, in addition to the amount invoiced by the supplier net of any discount or rebate, all directly attributable expenses incurred until the asset is in working condition, including costs relating to its location and any other condition necessary for it to operate as intended.

Subsequent measurement –

After initial recognition, items of property, plant and equipment are measured at acquisition or production cost, less accumulated depreciation and, where applicable, accumulated impairment losses that may need to be recognised.

Depreciation –

Tangible assets are depreciated on a systematic, straight-line basis over their estimated useful lives, taking into account their estimated residual value at the end of that period. The estimated useful lives of the various items

of property, plant and equipment owned by the entity as of 31 December 2024 are based on management's best estimate by the entity of the depreciation normally incurred through operation, use and enjoyment, while also taking into account any technical or commercial obsolescence that may affect them, and are as follows:

	Estimated useful lives (years)
Information processing equipment	4
Furniture and other items	5

Any changes that may occur in the useful lives of the different items of property, plant and equipment are recognised by adjusting depreciation changes in future years or periods, based on the new estimated useful life.

During the 2024 fiscal year, there were no changes in the estimated of useful lives of any of the entity's property, plant and equipment.

Impairment –

An item of property, plant and equipment is considered to be impaired when its carrying amount exceeds its recoverable amount, defined as the higher of its fair value less costs to sell and its value in use, as these concepts are defined in the Spanish General Chart of Accounts.

At each reporting date, the entity assesses whether there is any indication that an item of property, plant and equipment may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the necessary impairment adjustment, which, if required, is recognised in the profit and loss account. Reversals of previously recognised impairment losses, arising from an increase in the recoverable amount of an item of property, plant and equipment, are credited to the profit and loss account. However, such reversals cannot result in the asset being carried at more than the amount it would have had if no impairment had been recognised initially.

As of 31 December 2024, no items of FROB's property, plant and equipment were impaired, nor had any been impaired during the 2024 financial year.

4.2 Financial assets - Categories of financial assets

4.2.1 Financial assets at cost – Group companies and associates

In accordance with accounting standards, "group entities" are those controlled by an entity. Control is defined as the power to direct the financial and operating policies of a business in order to obtain economic benefits from its activities. Control generally arises, though not exclusively, from the entity's direct or indirect ownership of 50% or more of the voting rights of the investee companies, or, even where this percentage is lower or nil, if other circumstances or agreements exist that establish control.

Although the majority holdings maintained by FROB in pursuit of its objectives do not meet the definition of group companies given the specific nature of their management, as indicated in Note 2.11, for the purposes of preparing these annual accounts they have been accounted for as investments in Group entities, as this is considered to be the criterion that best reflects the true and fair view of these investments. Accordingly, in these annual accounts they are presented under the heading "Non-current investments in group companies and associates – Equity instruments" in the accompanying balance sheet and are measured at acquisition cost, net of any impairment losses that such holdings may have incurred (Note 4.4.1).

Dividends accrued on these holdings, provided they are not clearly attributable to profits generated prior to the acquisition date, are recognised, where applicable, in the profit and loss account.

Note 6.2 provides certain significant information on these holdings.

4.2.2 Financial assets at amortised cost

A financial asset is included in this category, even when admitted to trading on an organised market, if the entity holds the investment with the objective of collecting the cash flows arising from the contractual arrangement and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Contractual cash flows that are solely payments of principal and interest on the outstanding principal amount are inherent in an arrangement that has the nature of a standard or ordinary loan, regardless of whether the transaction is agreed at a zero or below-market interest rate.

The management of a group of financial assets with the objective of collecting contractual cash flows does not require the entity to hold all instruments till maturity. Financial assets may still be considered to be managed with that objective even if sales have occurred or are expected to occur in the future. For this purpose, the entity must consider the frequency, amount and timing of sales in previous years, the reasons for those sales and the expectations regarding future sales activity.

The way in which the entity manages these investments is a matter of fact and does not depend on its intentions for any individual instrument. An entity may have more than one policy for managing its financial instruments, and in some circumstances it may be appropriate to separate a portfolio of financial assets into smaller portfolios to reflect the level at which the entity manages its financial assets.

In general, this category includes trade receivable and non-trade receivables:

- Trade receivables: financial assets arising from the sale of goods and the rendering of services in the ordinary course of the entity's operations with deferred payment.
- Non-trade receivables: financial assets which are neither equity instruments nor derivatives, are not of commercial origin, and involve inflows of cash of a fixed or determinable amount, arising from loans or credit facilities granted by the entity.

Initial measurement –

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration given, plus any transaction costs directly attributable to them.

However, trade receivables maturing within one year that do not have an explicit contractual interest rate, as well as staff loans, dividends receivable and capital calls on equity instruments expected to be received in the short term, may be measured at nominal value when the effect of not discounting the cash flows is not material.

Subsequent measurement –

Subsequently, financial assets included in this category are measured at amortised cost. Interest accrued is recognised in the profit and loss account using the effective interest method.

However, receivables maturing within one year which, in accordance with the above, were initially measured at their nominal value, continue to be measured at that amount unless they have become impaired.

Any impairment losses on these assets, where applicable, are recognised in accordance with Note 4.4.2.

Notes 6.3 and 6.4 provide certain significant information on these investments.

4.3 Cash and cash equivalents

Cash balances, all of which are denominated in euros, are presented in these accounts at nominal value.

Interest accrued on bank accounts and deposits held by FROB is calculated using the effective interest method based on their contractual rates and is recognised under the heading "Financial Income – Bank Interest", or, where applicable, under "Financial expenses – Bank interest" in the accompanying profit and loss account.

Note 5 provides certain significant information on cash and cash equivalents.

4.4 Impairment of financial assets

FROB monitors its financial assets in order to obtain information that allows it to identify evidence of possible impairment and, where applicable, to perform the corresponding impairment test. An asset is considered impaired when its recoverable amount is less than its carrying amount. When this occurs, the impairment loss (the difference between the recoverable amount and the carrying amount) is recognised in the profit and loss account.

When recovery of any recorded amount is considered remote, it is derecognised from the balance sheet, without prejudice to any actions FROB may continue to take to try to pursue collection until its rights have been definitively extinguished, whether through expiry, forgiveness, or other causes.

A financial asset is deemed impaired - and its carrying amount is adjusted accordingly - when there is objective evidence that events have occurred giving rise to:

- In the case of debt instruments (loans and debt securities), a negative impact on future cash flows originally estimated at the inception of the transaction.
- In the case of equity instruments, the impossibility of fully recovering their carrying amount.

As a general rule, the reduction in the carrying amount financial instruments due to impairment is recognised in the profit and loss account for the year in which the impairment is identified, and any reversals of previously recognised impairment losses, if they occur, are recognised in the profit and loss account for the year in which the impairment is reversed or reduced.

Set out below are the criteria applied by FROB to determine the existence of impairment losses in each of the different categories of financial instruments, as well as the method used to calculate the provisions recognised for such impairment and their accounting treatment:

4.4.1 Interests in Entities

The estimation and accounting of impairment losses for interests in group entities by the FROB is carried out whenever there is objective evidence, in accordance with applicable regulations, that the carrying amount of an investment in these companies will not be recoverable.

The amount of the impairment loss to be recognised is estimated as the difference between the carrying value of the interests and their recoverable amount, the latter being understood as the higher value between its fair value, less selling costs, and the present value of future cash flows derived from the investment.

The most significant aspects of the methodology applied at the 2024 year-end to estimate the recoverable amount of the various equity investments, and therefore any related impairment losses, are described in Note 2.4 to these notes.

Impairment losses and, where applicable, their reversals, are recognised as an expense or income, respectively, in the profit and loss account (Note 6.2). The reversal of previously recognised impairment loss is limited to the carrying amount that would have been recognised on the reversal date had no impairment loss been recorded.

4.4.2 Debt instruments classified as financial assets at amortised cost

The estimation and recognition of impairment losses on debt instruments classified as financial assets at amortised cost is carried out by FROB whenever there is objective evidence, in accordance with the applicable regulations, that events have occurred after the initial recognition of a financial asset which result in a reduction or delay in the collection of its associated cash flows associated, which may be due to the insolvency of the debtor.

The impairment loss on these assets is calculated as the positive difference between the carrying amount of the asset and the present value of its estimated cash flows.

Circumstances that FROB may consider as giving rise to impairment of these investments and which are taken into account in impairment estimates, without prejudice to the provisions of the Resolution of 18 September 2013 of the Institute of Accounting and Auditing, include: the non-payment of coupons on contingent convertible bond and subordinated debt; the existence of material qualifications in audit reports indicating doubts about the viability or solvency of the entities; and other similar circumstances that may cast doubt on the issuer's ability to meet their obligations.

Impairment losses and, where applicable, their reversals, are recognised as an expense or income, respectively, in the profit and loss account (Notes 6.3 and 6.4). The reversal of a previously recognised impairment loss is limited to the carrying amount of the investment that would have been recognised on the reversal date had no impairment loss been recorded.

4.5 Financial liabilities at amortised cost

FROB classifies all financial liabilities in this category except where they must be measured at fair value through profit or loss.

As a general rule, this category includes trade payables, which are financial liabilities arising from the purchase of goods and services in the ordinary course of the entity's operations with deferred payment, and non-trade payables, which are financial liabilities that are not derivative instruments and are not of commercial origin, but arise from loans or credit facilities received by FROB.

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration received, adjusted for any directly attributable transaction costs. Subsequently, these financial liabilities are measured at their amortised cost. Interest accrued is recognised in the profit and loss account using the effective interest method.

However, trade payables maturing within one year that do not carry a contractual interest rate, as well as capital calls demanded by third parties which are expected to be paid in the short term, are measured at nominal value, when the effect of not discounting cash flows is not material.

4.6 Derecognition of financial instruments

A financial asset is derecognised from the balance sheet when any of the following circumstances occur:

1. The contractual rights to the cash flows it generates have expired; or
2. The contractual rights to the cash flows from the financial asset are transferred and substantially all the risks and rewards of ownership of the asset transferred or, even if there is no substantial transfer or retention, control of the financial asset is transferred.

A financial liability is derecognised from the balance sheet when the obligations it gives rise to have been extinguished or when it is repurchased by FROB, whether with the intention of reselling it or cancelling it.

4.7 Tax regime

Law 11/2015 establishes that, for tax purposes, FROB will be treated in the same way as the Deposit Guarantee Fund for Credit Institutions. As a result, FROB is exempt from corporate income tax and from indirect taxes that may be incurred as a result of its incorporation, its operations, or the acts or transactions carried out in pursuit of its purposes, as well as from any indirect taxes that may be charged to it.

4.8 Income and expenses

Income and expenses are recognised in the profit and loss account on an accrual basis; that is, when the acquisition, or the actual rendering of goods and services they represent takes place, regardless of when the related cash settlement occurs.

Operating leases

In operating lease arrangements, ownership of the leased asset and substantially all the risks and rewards associated with it remain with the lessor.

FROB leases, under an operating arrangement, the offices that constitute its registered office (Note 1). The main characteristics of the lease agreement are as follows:

Lease term	Penalties
31 January 2026	Early termination

The annual rent for 2024 and 2023 financial years amounted to 638 thousand euros and 623 thousand euros, respectively (VAT exempt).

In January 2023, the lease agreement was amended, extending its term until 31 January 2026, with an annual rent for the first year of 627 thousand euros (VAT exempt), subject to annual review in accordance with Article 4 (6) of Law 2/2015 of 30 March on the de-indexation of the Spanish economy.

Operating lease instalments are charged on a straight-line basis to the accompanying profit and loss account (Note 12.3).

4.9 Provisions and contingencies

In preparing the annual accounts, FROB distinguishes between:

- a) Provisions: credit balances covering present obligations arising from past events, the settlement of which will probably result in an outflow of resources, but which are uncertain as to their exact amount and/or timing. Such obligations may arise from a legal or contractual provision or from an implicit or constructive obligation assumed by FROB.
- b) Contingent liabilities: possible obligations arising from past events, the existence of which will be confirmed only by the occurrence of one or more future beyond the control of FROB.

The annual accounts recognise all provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities, unless considered remote, are not recognised in the annual accounts but are disclosed, where applicable, in the notes to the financial statements (Note 11).

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available regarding the event and its consequences. Adjustments arising from the unwinding of the discount on provisions are recognised as a financial expense as they accrue.

Reimbursements receivable from a third party upon settlement of the obligation, provided there is no doubt that such reimbursement will be received, are recognised as an asset, except where there is a legal link under which part of the risk has been transferred, and by virtue of which FROB is not required to assume responsibility; in this case, the reimbursement is taken into account in estimating the amount of the corresponding provision.

4.10 Related party transactions

For the purposes of preparing these annual accounts, "related parties" of FROB are considered to be the Bank of Spain, FROB's key management personnel, and the entities in which it holds a majority interest in the capital or in their governing bodies (Note 1).

Transactions between FROB and its related parties are accounted for in accordance with general rules, that is, at fair value.

Note 13 provides information on the balances recorded in these annual accounts with regards to related parties.

4.11 Definition of fair value and amortised cost

For the purposes of preparing these accounts, fair value is understood to mean the amount for which an asset

could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is determined without deducting any transaction costs that may be incurred in a disposal. Under no circumstances is a value arising from a forced or urgent transaction, or from a situation of involuntary liquidation situation, considered to be fair value.

As a general rule, fair value is calculated by reference to a reliable market value, understood as the quoted price in an active market, where the goods or services exchanged are homogeneous, buyers and sellers can normally be found at any time for a given good or service, and prices are known, readily accessible to the public, and reflect actual, regularly occurring market transactions.

In contrast, where no active market exists, fair value is estimated using generally accepted valuation models and techniques, such as references to recent transactions, references to the fair value of substantially similar financial instruments, and generally accepted discounted cash flows methods. In all cases, the techniques used are those that have proven to result in the most realistic estimates of fair value, with maximum use being made of market-observable data.

Amortised cost of a financial instrument is understood as the amount it was initially recognised; less principal and interest repayments made, plus or minus, as applicable, the portion allocated to the profit and loss account, using the effective interest method, of accrued interest and of the difference between the initial amount and the redemption value of the instrument. In the case of financial assets, amortised cost also includes any impairment losses recognised.

The effective interest rate is the discount rate that exactly discounts the initial value of a financial instrument to the present value of the estimated cash flows over the expected life of the financial instrument, based on its contractual terms and without considering future credit losses. In its calculation, any financial fees charged upfront when granting the financing are included.

5. **Cash and cash equivalents - Treasury**

As of 31 December 2024 and 2023, this line item in the accompanying balance sheet is broken down as follows:

	Thousands of euros	
	31.12.2024	31.12.2023
Accounts held with the Bank of Spain	191,690	120,726
Current accounts with other institutions	749	940
Accrued interest receivable	1,176	415
	193,615	122,081

As of 31 December 2024, FROB's accounts with the Bank of Spain had accrued positive interest of 8,426 thousand euros (5,042 thousand euros as of 31 December 2023) (€STER –20 bps), which is recognised under the heading "Financial income – Bank interest" in the accompanying profit and loss account (Note 13). As of 31 December 2024, 1,176 thousand euros (415 thousand euros as of 31 December 2023) remained outstanding, which was collected on 7 January 2025.

In addition, during 2024, positive interest accrued on FROB's current accounts with other institutions amounted to 54 thousand euros, which is recognised under the heading "Financial income – Bank interest" in the accompanying profit and loss account (Note 13).

6. **Financial assets**

6.1 Breakdown of financial assets

Set out below is a breakdown of FROB's financial assets as of 31 December 2024 and 2023, classified in accordance with the disclosure requirements of the applicable regulations:

31.12.2024:

Classes	Thousands of euros						
Categories	Non-current financial instruments			Current financial instruments			
	Equity instruments (Note 6.2)	Debt securities (Note 6.3)	Loans and other (Note 6.3)	Debt securities (Note 6.4)	Loans and other (Note 6.4)	Trade receivables and other accounts receivable	Total
Financial assets at cost (*)	8,961,829	-	-	-	-	-	8,961,829
Financial assets at amortised cost	-	-	-	-	1,059	10	1,069
Total	8,961,829	-	-	-	1,059	10	8,962,898

(*) Includes the amount of investments, net of the related impairment (Note 6.2).

31/12/2023:

Classes	Thousands of euros						
Categories	Non-current financial instruments			Current financial instruments			
	Equity instruments (Note 6.2)	Debt securities (Note 6.3)	Loans and other (Note 6.3)	Debt securities (Note 6.4)	Loans and other (Note 6.4)	Trade receivables and other accounts receivable	Total
Financial assets at cost (*)	6,748,554	-	-	-	-	-	6,748,554
Financial assets at amortised cost	-	-	-	518,901	34,389	11	553,301
Total	6,748,554	-	-	518,901	34,389	11	7,301,855

(*) Includes the amount of investments, net of the related impairment (Note 6.2).

6.2 Investments in Group companies and associates - Equity instruments

Set out below is a breakdown of the holdings included under this line item in the accompanying balance sheet as of 31 December 2024 and 2023:

31/12/2024:

Company	%	Registered office	Thousands of euros					
			Equity data of investees (*)			Carrying amounts of investments held by FROB		
			Share capital	Reserves and other equity items	Profit/(loss)	Cost	Impairment	Net value
BFA	100%	Madrid	1,918,367	2,885,537	756,361	19,604,000	(10,642,171)	8,961,829
Sareb	50.14%	Madrid	171,547	(13,809,751)	(2,825,620)	656,168	(656,168)	-
Total						20,260,168	(11,298,339)	8,961,829

(*) The data relating to the equity position of these companies has been obtained from the audited annual accounts for the year ended 31 December 2024, excluding minority interests.

31/12/2023:

Company	%	Registered office	Thousands of euros					
			Equity data of investees (*)			Carrying amounts of investments held by FROB		
			Share capital	Reserves and other equity items	Profit/(loss)	Cost	Impairment	Net value
BFA	100%	Madrid	1,918,367	3,040,537	334,783	19,604,000	(12,855,446)	6,748,554
Sareb	50.14%	Madrid	171,547	(12,620,112)	(2,197,718)	656,168	(656,168)	-
Total						20,260,168	(13,511,614)	6,748,554

(*) The data relating to the equity position of these companies has been obtained from the audited annual accounts for the year ended 31 December 2023, excluding minority interests.

The movement in the balance of the line item "Investments in Group companies and associates - Equity instruments (non-current)" in the accompanying balance sheets during 2024 and 2023 is as follows:

	Thousands of euros
Balance at of 1 January 2023	6,343,586
Net reversal of impairment credited to the profit and loss account	404,968
Balance as of 31 December 2023	6,748,554
Net reversal of impairment credited to the profit and loss account	2,213,275
Balance as of 31 December 2024	8,961,829

BFA Tenedora de Acciones, S.A.U. ("BFA")

BFA was initially incorporated as a credit institution; however, as from 2 January 2015 it formally renounced its status as a credit institution, and on 28 January 2015 the corresponding deed amending its Articles of Association was registered at the Madrid Companies Register. Until 26 March 2021, the date of completion of the merger between Bankia and CaixaBank, under which Bankia shareholders received CaixaBank shares (0.6845 newly issued CaixaBank ordinary shares for each Bankia ordinary share outstanding), BFA acted as the holding company of Bankia. As of 31 December 2024, BFA held an 18.03% interest in the share capital of CaixaBank, S.A.

In 2024, FROB received dividends totalling 489,783 thousand euros from its holding in BFA: 334,783 thousand euros relating to dividends from BFA's 2023 results, and 155,000 thousand euros as an interim dividend charged to BFA's 2024 results. These dividends are classified under the heading "Financial income" in the accompanying profit and loss account (Note 6.5).

With regard to the divestment period, under Law 9/2012, FROB was required to complete the divestment of its holding within five years from the date of the capital injection. However, Royal Decree-Law 4/2016 of 2 December on urgent financial measures extended this period to 7 years, setting the deadline in December 2019, with the possibility of a further extension by the Council of Ministers if necessary to better achieve the resolution objectives. In this regard, on 25 February 2025 the Council of Ministers approved a new extension of the deadline with the aim of encouraging more efficient use of public resources, maximising the recovery of aid, and allowing greater flexibility in the execution of FROB's divestment strategy. The current deadline therefore runs until December 2027.

At the close of 2024, in accordance with the criteria set out in Notes 2.4 and 4.4.1, FROB estimated the recoverable amount of its holding in BFA, taking into account BFA's individual equity of 5,560,265 thousand euros, adjusted by latent capital gains of 3,401,564 thousand euros corresponding to BFA's holding in CaixaBank, as reflected in BFA's audited annual accounts for 2024. This resulted in the recognition of a reversal of impairment of 2,213,275 thousand euros, which was recorded under the heading "Impairment and gains/(losses) on disposals of financial instruments - Impairments and losses" in the accompanying profit and loss account. Accordingly, as of 31 December 2024, the carrying amount of FROB's holding in BFA stood at 8,961,829 thousand euros.

In turn, at the close of 2023, FROB estimated the recoverable amount of its holding in BFA, taking into account the individual equity of BFA, adjusted by the latent capital gains existing at that date, as reflected in BFA's audited

annual accounts for 2023. This resulted in the recognition of a reversal of impairment of 404,968 thousand euros which was recorded under the heading "Impairment and gains/(losses) on disposals of financial instruments - Impairments and losses" in the accompanying profit and loss account. Accordingly, as of 31 December 2023, the carrying amount of FROB's holding in BFA stood at 6,748,554 thousand euros.

Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria ("Sareb")

As of 31 December 2024 and 2023, FROB's holding in Sareb is included, together with other items, under the item line "Investments in Group companies and associates - Equity instruments (non-current)" in the accompanying balance sheet.

On 18 January 2022, Royal Decree-Law 1/2022 of 18 January was enacted, amending Law 9/2012 of 14 November on the restructuring and resolution of credit institutions; Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms; and Royal Decree 1559/2012 of 15 November, which established the legal framework for asset management companies, in relation to the legal framework of Sareb (hereinafter "RDL 1/2022"). The purpose of RDL 1/2022, as stated in its explanatory memorandum, was the urgent reform Sareb's capital structure and governance to adapt it to its reclassification of Sareb within the National Accounts as a unit belonging to the General Government sector, as determined in 2021.

Among other changes, RDL 1/2022 removed the limits on the State's shareholding in Sareb, thereby enabling FROB to acquire a majority stake in the company, with the objective of making effective the assumption of control, without Sareb being designated a state-owned company.

On this basis, FROB's Governing Committee in its reduced composition approved a share purchase procedure addressed to Sareb's private shareholders, with the aim of acquiring a majority holding of at least 50.01%. This procedure was designed in accordance with the principles of transparency, competitiveness and non-discrimination, and was validated by the State General Comptroller's Office both as regards the reasonableness of the proposed purchase price and the procedure itself, ensuring consistency with the general principles governing FROB's actions as a public entity.

FROB's technical services carried out a valuation of Sareb based on two approaches: i) a book value approach using equity according to the most recent approved annual accounts (2020); and ii) a discounted cash flow approach based on projections from the company's then-current Business Plan (approved by the Board of Directors on 24 February 2021). Both approaches yielded negative values, resulting in a valuation of zero for Sareb shares.

This nil valuation led to establishment of a symbolic purchase price per share, ensuring proportional allocation based on shareholdings. A price of €0.01 per 39,710 shares was set (the highest ratio into which the total shares could be divided without leaving residual shares outside the offer), ensuring equal treatment of all shareholders. This implied a valuation of Sareb's entire share capital at €360.

Based on this valuation, on 26 January 2022, FROB sent purchase offers to all Sareb for their entire holdings. Shareholders representing 4.24% of Sareb's entire share capital at €360.

Thus, on 5 April 2022, the related sale and purchase agreements were executed and notified to Sareb for registration in its Register of Nominative Shares. As a result, FROB's stake exceeded the minimum majority threshold, reaching 50.14% from that date, without implying any current or future capital commitments.

Accordingly, in 2022, the shares acquired under this control process were recognised at their purchase price (€15.25).

Following FROB's public takeover of Sareb under Royal Decree-Law 1/2022, and with the incorporation of the principle of sustainability (allowing Sareb to combine socially responsible management of its portfolio with its divestment objectives), Sareb's Board of Directors approved in March 2023 the Business and Strategic Plan for 2023-2027. This defined three major strategic lines: i) acceleration of the liquidation of non-social assets to generate cash flows for the repayment of senior debt; ii) maximisation of the social value of primarily residential assets, protecting vulnerable households and promoting the sale of affordable housing to individuals and public authorities for social rental housing; iii) generation of value from assets identified as suitable for property development and urban management, with the objective of increasing cash flows for the repayment of guaranteed debt. Financial projections for 2023-27 were also approved, incorporating the significant impact of interest rate rises and more prudent market assumptions and valuation discounts in line with the new macroeconomic environment.

On 28 February 2024, Sareb's Board of Directors approved an update to the financial projections for 2024-2027, which remained consistent with those approved the previous year.

Applying the criteria set out in Notes 2.4 and 4.4.1, FROB has estimated the recoverable amount of this on the basis of the 2024-2027 financial projections approved by Sareb's Board of Directors at its meeting of 28 February 2024, and cross-checked against the fair value derived from Sareb share transactions carried out on 5 April 2022. The recoverable amount was nil, and therefore the investment must remain fully impaired as of 31 December 2024.

6.3 Non-current financial investments - Debt securities

Financial assets at amortised cost

Subordinated Bond B FTA2015

As of the end of 2023, this category included the subordinated Bond B subscribed by FROB in the context of the resolution process of Catalunya Banc, S.A. (CX), with a nominal value of 524,703 thousand euros, which was fully impaired.

As part of this resolution process, CX itself carried out the sale of a portfolio of assets, that was awarded to Blackstone and formalised in April 2015. The transaction, structured through the transfer of the portfolio to an Asset Securitisation Fund (FTA2015) and other Blackstone Group companies, was supported financially by FROB through: i) the subscription of the subordinated bond mentioned in the preceding paragraph; ii) the granting of a guarantee for defective loans, the initial estimated cost of which amounted to 124,000 thousand euros and which was settled in 2017 for 37,546 thousand euros; and, iii) the granting of a liquidity line (Note 6.4).

6.4 Current financial instruments

As of 31 December 2024 and 2023, the breakdown of the balance of this line item in the accompanying balance sheet is as follows:

	Thousands of euros	
	2024	2023
FTA2015 liquidity facility (CX sale)	1,059	1,150
Spanish government debt securities	-	518,901
CX sale guarantees	-	33,239
Total	1,059	553,290

Financial assets at amortised cost

Subordinated Bond B FTA2015

At the end of financial year 2024, this category includes the Subordinated Bond B subscribed by FROB within the framework of the resolution process of Catalunya Banc, S.A. (CX) amounting to 524,703 thousand euros. The bond has been reclassified from non-current (Note 6.3), as FTA2015 is in the process of liquidation at the end of the financial year 2024. This investment is fully impaired.

FTA2015 liquidity facility (CX sale)

As indicated in Note 6.3, FROB provided certain financial support measures in connection with the sale of a portfolio of assets carried out by Catalunya Banc within the framework of FROB's disinvestment from the entity. Among these support measures was the granting of a liquidity facility to FTA2015 for a maximum amount of 400 million euros, of which the outstanding balance as of 31 December 2024 amounted to 1,037 thousand euros (1,126 thousand euros in 2023). In addition, the facility generated financial income (interest and associated fees) of 274 thousand euros (283 thousand euros in 2023), of which 22 thousand euros were pending collection as of 31

December 2024. These are recorded, together with other items, under the heading "Current financial investments – Other financial assets" in the accompanying balance sheet (24 thousand euros as of 31 December 2023) and were settled on 14 January 2025.

Spanish government debt securities

As of 31 December 2024, there was no balance under the line item "Spanish government debt securities" as the entire portfolio had matured. The balance recognised as of 31 December 2023 under the line item "Spanish government debt securities" in the above breakdown consisted of short-term State debt securities issued by the Kingdom of Spain, amounting to 518,901 thousand euros. The market value of these securities, based on quoted prices as of 31 December 2023, was 516,030 thousand euros.

During 2024, new securities classified under this line item were purchased with a nominal value of 720,000 thousand euros (425,000 thousand euros in 2023), while securities with a nominal value of 1,245,000 thousand euros (450,000 thousand euros in 2023) matured. These generated interest income of 16,704 thousand euros (1,844 thousand euros in 2023), which was recorded, together with other items, under the line item "Finance income – Interest on government debt securities" in the accompanying income statement (Note 6.5).

No sales of government debt securities were made in either 2024 or 2023.

CX sale guarantees

The balance recognised as of 31 December 2023 corresponded to CX sale guarantees relating to litigation, interest rate hedges and Sareb VAT in favour of FROB, amounting to 33,239 thousand euros, which were settled on 29 July 2024 (Note 11.2).

6.5 Financial income

Below is a breakdown of the balance of this chapter of the attached profit and loss accounts for 2024 and 2023:

	Thousands of euros	
	2024	2023
- Income from holdings in group companies (Note 6.2)	489,783	-
- Bank interest (Note 5)	8,480	5,042
- Government debt interest (Note 6.4)	16,704	5,453
- Other interest (Note 6.4)	274	283
Total	515,241	10,778

7. Financial liabilities

7.1 Breakdown of financial liabilities

A breakdown of the financial liabilities assumed by FROB as of 31 December 2024 and 2023, in line with the disclosure required by the applicable regulations, is presented below:

31.12.2024:

Classes Categories	Thousands of euros					Total
	Non-current financial instruments		Current financial instruments			
	Bonds and other marketable securities	Other non-current financial liabilities (Note 7.2)	Bonds and other marketable securities	Other current financial liabilities (Note 7.3)	Other creditors (Note 7.4)	

Financial liabilities at amortised cost	-	-	-	933,182	415	933,597
Total	-	-	-	933,182	415	933,597

31.12.2023:

Classes Categories	Thousands of euros					
	Non-current financial instruments		Current financial instruments			Total
	Bonds and other marketable securities	Other non-current financial liabilities (Note 7.2)	Bonds and other marketable securities	Other current financial liabilities (Note 7.3)	Other creditors (Note 7.4)	
Financial liabilities at amortised cost	-	931,647	-	948,295	405	1,880,347
Total	-	931,647	-	948,295	405	1,880,347

7.2 Non-current liabilities – Other financial liabilities

This heading includes the loan granted on 3 December 2012 by the Kingdom of Spain to FROB, intended for the implementation of the European financial assistance programme. This loan enabled the funds disbursed by the Financial Facility Agreement (FFA) of the European Stability Mechanism (ESM) to be channelled from the Kingdom of Spain to Spanish credit institutions. The financial terms of this loan are the same as those established by the FFA of the ESM.

The loan was disbursed in two tranches: the first in 2012 for EUR 39,468 million, and the second in 2013 for EUR 1,865 million, through the provision of financial instruments (bills and bonds) issued by the ESM with the following characteristics:

ISIN	Issue date	Maturity date (*)	Nominal (Thousands of euros)	Issue price
Tranche 1			39,468,000	
EU000A1U97C2	11/12/2012	11/02/2013	2,500,000	100.00%
EU000A1U97D0	11/12/2012	11/10/2013	6,468,000	99.90%
EU000A1U98U2	11/12/2012	11/06/2014	6,500,000	100.00%
EU000A1U98V0	11/12/2012	11/12/2014	12,000,000	100.00%
EU000A1U98W8	11/12/2012	11/12/2015	12,000,000	100.00%
Tranche 2			1,865,000	
EU000A1U98X6	05/02/2013	05/08/2015	1,865,000	100.00%
Total			41,333,000	

(*) Maturity date of the financial instruments in which the loan was materialised.

Since the formalisation of this loan, the following events have taken place:

- On 9 December 2013, with the prior authorisation of the ESM, a partial conversion of the loan granted to the Kingdom of Spain into an equity contribution to FROB was agreed in the amount of 27,170 million euros (Note 8.1).
- In financial year 2014, the unused funds in Sareb in the amount of 307,540 thousand euros were repaid, together with a partial voluntary repayment of the loan in the amount of 399,284 thousand euros.

- On 30 June 2017, 20 February 2020 and 20 December 2021, with the prior authorisation of the ESM, further partial conversions of the loan granted to the Kingdom of Spain into an equity contribution to FROB took place in the amounts of 3,000, 3,000 and 5,591 million euros, respectively (Note 8.1).

As of 31 December 2024, the outstanding balance of the loan granted by the Kingdom of Spain to FROB amounts to 932,500 thousand euros (1,865,000 thousand euros in 2023), corresponding entirely to the second disbursement, with the following breakdown:

ISIN	Nominal (Thousands of euros)	
	2024	2023
Tranche 2		
EU000A1U98X6	932,500	1,865,000
Total	932,500	1,865,000

On 11 December 2024, the first maturity corresponding to Tranche 2 took place in the amount of 932,500 thousand euros, which as of 31 December 2023 was classified under the heading "Current liabilities – Other financial liabilities" in the accompanying balance sheet.

As of 31 December 2023, the amount recorded, together with other items, under the heading "Non-current liabilities – Other financial liabilities" corresponded to the carrying amount of the above long-term debt less the costs arising from its formalisation (arrangement fee), the net amount of which stood at 931,647 thousand euros.

As of 31 December 2024, the amount corresponding to the second maturity (932,500 thousand euros) has been reclassified under the heading "Current liabilities – Other financial liabilities" in the accompanying balance sheet.

The loan generated in financial year 2024 financial expenses in respect of the accrual of the arrangement fee and other associated expenses in the amount of 853 thousand euros (777 thousand euros in financial year 2023). These are recorded, together with other items, under the heading "Financial expenses – Interest and fees" in the accompanying income statement (Note 7.5).

The interest accrued on said loan during financial year 2024 amounts to 24,424 thousand euros (21,071 thousand euros in financial year 2023). These are recorded, together with other items, under the heading "Financial expenses – Interest and fees" in the accompanying income statement (Note 7.5). As of 31 December 2024, accrued interest pending payment was recorded under the heading "Current liabilities – Other financial liabilities" in the accompanying balance sheet in the amount of 682 thousand euros (1,137 thousand euros as of 31 December 2023) (Note 7.3).

7.3 Current liabilities – Other financial liabilities

As of 31 December 2024, the amount corresponding to the second maturity of the loan granted by the Kingdom of Spain to FROB, in the amount of 932,500 thousand euros, has been reclassified from the heading "Non-current liabilities – Other financial liabilities" in the accompanying balance sheet. In addition, accrued and unpaid interest and associated expenses relating to the loan granted by the Kingdom of Spain to FROB referred to in Note 7.2 are recorded in the amount of 682 thousand euros (1,137 thousand euros as of 31 December 2023).

Furthermore, as of 31 December 2023, an amount of 14,659 thousand euros was recorded in respect of amounts pending settlement with the Deposit Guarantee Fund, as a result of the change in the estimated value of guarantees provided in the sale processes of CX and NCG, which were settled in full on 25 October 2024 (Note 11.2).

7.4 Trade creditors and other payables – Sundry creditors

The balance of this heading in the accompanying balance sheets as of 31 December 2024 and 2023 includes amounts payable to various creditors.

7.5 Financial expenses

The following is a breakdown of the balance of this heading in the accompanying profit and loss accounts for financial years 2024 and 2023:

	Thousands of euros	
	2024	2023
Interest and fees		
- Interest on government debt (Note 6.4)	-	612
- Interest and fees on other debts (Notes 7.2 and 7.3)	25,277	21,848
Total	25,277	22,460

8. Equity

8.1 Equity fund

The breakdown of the contributions made to FROB since its establishment in financial year 2009 is shown below:

Contributing entities	Thousands of euros			
	Loan capitalisation*	Cash disbursement	Fixed-income securities	Total
General State Budget				
- RDL 9/2009	-	6,750,000	-	6,750,000
- RDL 2/2012	-	6,000,000	-	6,000,000
- RDL 14/2013	27,170,000	-	-	27,170,000
- Law 11/2015	11,591,175	-	-	11,591,175
Deposit Guarantee Fund for Credit Institutions (**)				
- RDL 9/2009	-	1,500,146	749,854	2,250,000
Total	38,761,175	14,250,146	749,854	53,761,175

(*) See Note 7.2.

(**) During financial year 2012, the holding of the Deposit Guarantee Fund for Credit Institutions in the equity fund of FROB was liquidated on the basis of the equity resulting from FROB's 2011 annual accounts.

The initial endowment of FROB established by Royal Decree-law 9/2009 (9,000,000 thousand euros, of which 6,750,000 thousand euros came from the General State Budget and 2,250,000 thousand euros from the Deposit Guarantee Fund for Credit Institutions) was increased by Royal Decree-law 2/2012, of 3 February, on the restructuring of the financial sector, by 6,000,000 thousand euros charged to the General State Budget. Furthermore, on 9 December 2013, with the prior authorisation of the ESM, a partial conversion of the loan of the Kingdom of Spain into an equity contribution to FROB was agreed in the amount of 27,170,000 thousand euros. In addition, on 30 June 2017 and 20 February 2020, further partial conversions of the aforementioned loan into an equity contribution to FROB took place, each in the amount of 3,000,000 thousand euros, pursuant to Article 53.4 of Law 11/2015 and as provided for in the agreement, with the prior authorisation of the ESM (Note 7.2).

On 20 December 2021, with the prior authorisation of the ESM, a further partial conversion of the loan of the Kingdom of Spain into an equity contribution to FROB took place in the amount of 5,591,175 thousand euros (Note 7.2).

As of 31 December 2024, the equity of FROB amounts to 8,218,200 thousand euros (5,520,847 thousand euros as of 31 December 2023), composed of an equity fund of 5,520,847 thousand euros (the 53,761,175 thousand euros mentioned above and the results generated by FROB from its establishment until 31 December 2023) and the 2024 financial year result of 2,697,353 thousand euros.

Although FROB may operate with negative equity, Article 53.4 of Law 11/2015 provides that the equity of FROB may be increased, if applicable, through the capitalisation of loans, credits or any other indebtedness transaction of FROB in which the General State Administration is the creditor. In this regard, the loan agreement between the Kingdom of Spain and FROB, with the prior authorisation of the ESM, allows the partial or total conversion of said loan into an equity contribution to FROB.

9. Information on the nature and level of risk of financial instruments

The main risk factors of FROB associated with financial instruments and the policies adopted for their management are described below:

Liquidity risk

Liquidity risk is defined as the risk that FROB may not have the necessary resources to meet its debts on their maturity date.

The following table shows the breakdown by maturity of the balances of certain headings in the accompanying balance sheets as of 31 December 2024 and 2023, under a "normal market conditions" scenario and based on contractual maturities:

31.12.2024:

	Thousands of euros						
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Assets:							
Cash and other cash equivalents	193,615	-	-	-	-	-	193,615
Short-term financial investments-							
Debt securities	-	-	-	-	-	-	-
Other financial assets	1,059	-	-	-	-	-	1,059
Long-term financial investments-							
Debt securities	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-
Total as of 31 December 2024	194,674	-	-	-	-	-	194,674
Liabilities:							
Current liabilities -							
Other financial liabilities	933,182	-	-	-	-	-	-
Non-current liabilities -							
Other financial liabilities	-	-	-	-	-	-	-
Total as of 31 December 2024	933,182	-	-	-	-	-	933,182
Asset–liability difference as of 31 December 2024	(738,508)	-	-	-	-	-	(738,508)
Cumulative asset–liability difference as of 31 December 2024	(738,508)	(738,508)	(738,508)	(738,508)	(738,508)	(738,508)	

31.12.2023:

	Thousands of euros						
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Assets:							
Cash and cash equivalents	122,081	-	-	-	-	-	122,081
Short-term financial investments-							
Debt securities	518,901	-	-	-	-	-	518,901
Other financial assets	34,389	-	-	-	-	-	34,389
Long-term financial investments-							
Debt securities	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-
Total as of 31 December 2023	675,371	-	-	-	-	-	675,371
Liabilities:							
Current liabilities -							
Other financial liabilities	948,295	-	-	-	-	-	948,295
Non-current liabilities -							
Other financial liabilities	-	931,647	-	-	-	-	931,647
Total as of 31 December 2023	948,295	931,647	-	-	-	-	1,879,942
Asset–liability difference as of 31 December 2023	(272,924)	(931,647)	-	-	-	-	(1,204,571)
Cumulative asset–liability difference as of 31 December 2023	(272,924)	(1,204,571)	(1,204,571)	(1,204,571)	(1,204,571)	(1,204,571)	

The ability of FROB to meet its commitments in the reference years is guaranteed by the following factors:

- Law 11/2015 permits the capitalisation of loans, credits or any other indebtedness transaction of FROB in which the General State Administration is the creditor.
- In financial year 2024, the results of BFA enabled FROB, for the first time, to receive 489,783 thousand euros in dividends from that investee: 334,783 thousand euros received as a dividend against the results of BFA for financial year 2023 and 155,000 thousand euros received as an interim dividend against the result of BFA for financial year 2024. These are classified under the heading “Financial income” in the accompanying profit and loss account (Note 6.5). It is expected that this distribution of dividends will continue in the coming years insofar as BFA cancelled all of its indebtedness in 2024.

Credit risk

Credit risk is defined as the risk assumed by FROB that the financial assets it holds may not be repaid by its counterparties at maturity due to insolvency.

As of 31 December 2024, there is no significant exposure to this risk.

Interest rate risk

Structural interest rate risk in the balance sheet is defined as the exposure of the financial and economic position of FROB to adverse movements in interest rates arising from the different maturity structure and amortisation of items in its balance sheet.

Market risk

Market risk is defined as that which affects the result or net equity and results from adverse movements in the prices of both bonds and securities owned, as well as of own issues.

Other risks

FROB does not have significant direct exposures to other risks associated with its financial instruments that have not already been disclosed in these annual accounts.

10. Public administrations and tax position

10.1 Current balances with public administrations

The composition of the balance under the heading "Trade creditors and other payables – Other debts with public administrations" within current liabilities in the accompanying balance sheet as of 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	31.12.2024	31.12.2023
Public Treasury creditor for withholdings	99	91
Social Security bodies creditor	60	58
Total	159	149

10.2 Tax position

As indicated above (Note 4.7), FROB is exempt from Corporate Income Tax and from those indirect taxes that may accrue by reason of its incorporation, its operation and the acts or transactions it carries out in the fulfilment of its purposes.

11. Provisions and contingencies

11.1 Non-current provisions

The composition of the balance under the heading "Non-current provisions" in liabilities in the accompanying balance sheets as of 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	31.12.2024	31.12.2023
Other contingencies	4.719	4.595
Total	4.719	4.595

The movement in the balance of this heading in financial years 2024 and 2023 is as follows:

	Thousands of euros
Balance as of 31 December 2022	42.808
Provision charge	4.595
Transfers to current liabilities	(42.808)
Balance as of 31 December 2023	4.595
Provision charge	124
Balance as of 31 December 2024	4.719

Other contingencies

During financial year 2021, FROB received a claim in relation to the portfolio of assets covered by the Asset Protection Scheme (APS) of Banco de Valencia. In this respect, on 7 May 2024, a judgment was handed down ordering FROB to satisfy the claim filed. Consequently, at the close of financial year 2023, a provision was recognised in the amount of 4,595 thousand euros, to cover payment arising from said judgment in the event of confirmation following the filing of the relevant appeals.

At the close of financial year 2024, given that no resolution of such appeals has been issued and due to the accrual of interest, the provision recognised was updated in the amount of 124 thousand euros, charged to the 2024 profit and loss account under the heading "Provision charges", giving rise to the 4,719 thousand euros recorded under the heading "Non-current provisions" in the accompanying balance sheet.

11.2 Current provisions

The composition of the balance under the heading "Current provisions" in liabilities in the accompanying balance sheet as of 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	31.12.2024	31.12.2023
CX guarantees	-	6.770
NCG Banco guarantees	-	11.423
Total	-	18.193

The movement in the balance of this heading in financial years 2024 and 2023 is as follows:

	Thousands of euros
Balance as of 31 December 2022	71.688
Applications	(68.161)
Excess of provisions	(22.498)
Provision charge	1.659
Transfers from non-current liabilities	42.808
Other movements (Note 7.3)	(7.303)
Balance as of 31 December 2023	18,193
Applications	(17,734)
Excess of provisions	(308)
Other movements (Note 7.3)	(151)
Balance as of 31 December 2024	-

CX guarantees

As of 31 December 2023, the entirety of the provision for guarantees in the sale of CX corresponded to the hybrid guarantee, since for the remaining guarantees (Sareb VAT, litigation and interest rate hedges), as the provision originally recognised by CX was greater than the estimated cost of such guarantees, the excess of provisions was to be reimbursed to FROB.

With regard to the hybrid guarantee, as of 31 December 2023 it was classified under the heading "Current provisions" in liabilities in the accompanying balance sheet in the amount of 6,770 thousand euros. In financial year 2023, this decreased by 9,063 thousand euros, broken down as follows: (i) release of the current provision in the amount of 6,080 thousand euros credited to the 2023 profit and loss account under the heading "Excess of provisions"; (ii) recognition of 2,983 thousand euros in favour of the Deposit Guarantee Fund for the portion corresponding to it (Notes 7.3).

In financial year 2024, this guarantee was settled in full, through the use of 6,311 thousand euros and a decrease of 459 thousand euros due to: (i) release of the current provision in the amount of 308 thousand euros credited to the 2024 profit and loss account under the heading "Excess of provisions"; (ii) recognition of 151 thousand euros in favour of the Deposit Guarantee Fund for the portion corresponding to it (Note 7.3).

In the case of litigation guarantees and interest rate hedges, as of 31 December 2023 they were classified, among other items, under the heading "Short-term financial instruments" within current assets in the accompanying balance sheet (Note 6.4) in the amount of 10,664 thousand euros. Upon completion of the review of the files covered by these guarantees, a change in their valuation was recorded in financial year 2024, setting the amount of their final settlement at 10,545 thousand euros. This resulted in the recognition of a loss in the heading "Other results" of the profit and loss account in the amount of 80 thousand euros, reducing the receivable, and an adjustment of 39 thousand euros in the balances payable to the Deposit Guarantee Fund.

In financial year 2023, the valuation of these items decreased by 933 thousand euros, amounting to 10,664 thousand euros classified as "Short-term financial instruments" within current assets in the accompanying balance sheet (Note 6.4). This entailed the recognition of a loss in the heading "Other results" of the profit and loss account in the amount of 626 thousand euros, reducing the receivable, and an adjustment of 307 thousand euros in the balances payable to the Deposit Guarantee Fund. As a result, the liability to the Deposit Guarantee Fund for these two guarantees stood at 3,510 thousand euros, which was classified under the heading "Current liabilities – Other financial liabilities" in the accompanying balance sheet (Note 7.3).

As regards the Sareb VAT guarantee, in financial year 2023 it amounted to 22,575 thousand euros in favour of FROB, an amount at which the parties agreed the definitive closure of this guarantee. Consequently, this amount was recognised as "Short-term financial instruments" within current assets in the accompanying balance sheet (Note 6.4), broken down as follows: (i) recognition of income in the heading "Other results" of the accompanying profit and loss account in the amount of 15,519 thousand euros; (ii) recognition of 4,139 thousand euros in favour of the Deposit Guarantee Fund for the portion corresponding to it (Note 7.3); (iii) crediting of the advance account with the Deposit Guarantee Fund for the portion settled in previous years in respect of this guarantee, in the amount of 2,918 thousand euros (Note 6.4).

On 29 July 2024, the final settlement of these guarantees took place without any impact on the profit and loss account for the year.

In respect of the Deposit Guarantee Fund, these guarantees (hybrids, litigation and interest rate hedges, and Sareb VAT) resulted in a payment by FROB to that Fund of 10,744 thousand euros, being definitively settled on 25 October 2024 (Note 7.3).

NCG guarantees

In financial year 2024, the entire provision that had been recognised as of 31 December 2023 was settled. This provision, classified under the heading "Current provisions" in liabilities in the accompanying balance sheet, amounted to 11,423 thousand euros, and its settlement had no impact on the profit and loss account for the year.

In respect of the Deposit Guarantee Fund for these guarantees, FROB made a payment to that Fund in the amount of 4,320 thousand euros (Note 7.3).

In financial year 2023, the current provision was released in the amount of 17,250 thousand euros, corresponding to the Sareb VAT, hybrid and land provisions, broken down as follows: (i) release of the current provision in the amount of 12,254 thousand euros credited to the 2023 profit and loss account under the heading "Excess of provisions"; (ii) recognition of 4,996 thousand euros in favour of the Deposit Guarantee Fund for the portion corresponding to it (Note 7.3).

Furthermore, there was an increase in the hedge guarantee in the amount of 2,335 thousand euros, broken down as follows: (i) a provision charge of 1,659 thousand euros recognised under the heading "Provision charges" in the accompanying 2023 profit and loss account; (ii) recognition of a payable to the Deposit Guarantee Fund for the portion corresponding to it in the amount of 676 thousand euros (Note 7.3).

In addition, in financial year 2023 guarantees were settled in the amount of 431 thousand euros, which had been classified under the heading "Current provisions" in liabilities in the accompanying balance sheet.

Compensation to the Deposit Guarantee Fund for the management of hybrids

- CX

In 2024, as a result of the change in the hybrid guarantee, additional income was recognised in the heading "Other results" of the accompanying profit and loss account in the amount of 173 thousand euros, as a contra entry to the receivable from the Deposit Guarantee Fund for this concept. This year, as with the guarantees themselves, compensation to the Fund in respect of hybrids ended and was fully settled with the Deposit Guarantee Fund on 25 October 2024.

As of 31 December 2023, the value of the hybrid guarantee was reduced, which resulted in an excess of 22 thousand euros in payments that FROB had been making to the Deposit Guarantee Fund in previous years. Therefore, the following was recorded: (i) an excess of provisions in the profit and loss account in the amount of 3,267 thousand euros; (ii) additional income in the heading "Other results" of the accompanying profit and loss account in the amount of 22 thousand euros, as a contra entry to the receivable from the Deposit Guarantee Fund for this concept (Note 7.3).

In addition, in financial year 2023 guarantees were settled in the amount of 1,883 thousand euros, which had been classified under the heading "Current provisions" in liabilities in the accompanying balance sheet..

- NCG Banco

At the close of 2024, there was no impact on the profit and loss account under this concept since, as with the guarantees themselves, compensation to the Deposit Guarantee Fund in respect of hybrids ended and was fully settled on 25 October 2024.

As of 31 December 2023, the value of the hybrid guarantee was reduced, which resulted in an excess of 272 thousand euros in the payments that FROB had been making to the Deposit Guarantee Fund in previous years. Therefore, the following was recorded: (i) an excess of provisions in the profit and loss account in the amount of 892 thousand euros; (ii) additional income in the heading "Other results" of the accompanying profit and loss account in the amount of 272 thousand euros, as a contra entry to the receivable from the Deposit Guarantee Fund for this concept (Note 7.3).

In addition, in financial year 2023 guarantees were settled in the amount of 17 thousand euros, which had been classified under the heading "Current provisions" in liabilities in the accompanying balance sheet..

Asset Protection Scheme Banco de Valencia, S.A.

In the framework of the restructuring process of Banco de Valencia, S.A., FROB granted an Asset Protection Scheme (hereinafter "APS"), covering 72.5% of the losses that could arise from a closed portfolio of assets of Banco de Valencia, S.A. with an initial amount of 6,021,982 thousand euros, with a duration of 10 years from 30 September 2012. Following reductions in the perimeter of the APS in financial years 2013 and 2016, the initial portfolio covered as of the effective date of the APS amounted to 4,980,022 thousand euros.

On 30 June 2023, CaixaBank and FROB agreed to the full closure and expiry of the guarantee granted under the

APS, terminating and bringing to an end all obligations assumed by the parties.

On the same date, the payment arising from the settlement of the APS took place in the amount of 65,830 thousand euros, which had been classified under the heading "Current provisions" in liabilities in the accompanying balance sheet. This resulted in a release of the provision in the amount of 5 thousand euros recognised under the heading "Excess of provisions" in the accompanying profit and loss account.

With this payment, the guarantee under the Banco de Valencia APS was terminated..

11.3 Other guarantees and contingent liabilities

In the sale processes carried out by FROB of the entities CAM, Unnim Banc, S.A. and Banco de Valencia, FROB granted to the purchasers, Banco Sabadell, BBVA and CaixaBank, respectively, certain tax guarantees which relate mainly to the utilisation of the tax assets of the transferred entities.

In the sale process of a portfolio of assets by Catalunya Banc to FTA2015 (described in Note 6.3), FROB granted a series of guarantees in favour of the investor. Among these, FROB granted a guarantee covering potential liability for amounts prior to the economic effective date that a final judgment might order against FTA2015 in relation to floor clauses. Under this guarantee, BBVA (subrogated to the position of Catalunya Banc) filed a claim against FTA2015 and FROB, seeking recovery of amounts that it might have to repay, which it itself describes as of an indeterminate and undeterminable amount. Following several judicial developments, this claim is pending judgment by the Supreme Court. Based on the legal analysis of this contingency, the risk continues to be assessed as possible.

Finally, in the last quarter of 2020, FROB received a claim in the amount of 19.8 million euros, on the grounds that certain losses arising from balance sheet adjustments within the CX sale process would be covered by the Guarantee Letter issued by FROB in respect of perimeter adjustments for the Hércules portfolio. After the hearing held in July 2022, Court of First Instance No. 12 of Madrid handed down a judgment dismissing the claims of the claimant entity. The claimant lodged an appeal and, for its part, FROB filed its statement of opposition to the appeal, which remains pending resolution.

As of 31 December 2024, FROB does not consider it necessary to recognise any provision in the annual accounts for financial year 2024 in respect of these matters.

11.4 Contingent assets

In the course of its activity, FROB is party to a number of proceedings from which contingent assets may arise.

12. Income and expenses

12.1 Net turnover

This heading of the profit and loss account includes, in accordance with the fifth transitional provision of Law 11/2015, the amount accrued during financial year 2023 of the fee for the activities carried out by FROB as Resolution Authority, which amounted to 25,123 thousand euros.

	Thousands of euros	
	2024	2023
Fee for the activities carried out the FROB as Resolution Authority	-	25,123
Total	-	25,123

12.2 Personnel expenses and average workforce

The composition of the heading "Personnel expenses" in the accompanying profit and loss accounts for financial years 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Wages, salaries and similar	3,854	3,816
Social Security	566	553
Other social expenses	75	83
Total	4,495	4,452

The average number of employees and the total in financial year 2024, broken down by professional category and gender, is shown in the following table:

Financial Year 2024

	Average Number 2024			Total number as of 31 December 2024		
	Men	Women	Total	Men	Women	Total
Senior management*	3.02	2.79	5.81	3	3	6
Group II	12.20	9.54	21.74	12	11	23
Group III	0.62	4	4.62	-	4	4
Group IV	1	3	4	1	3	4
Group V	-	3	3	-	3	3
Total	16.84	22.33	39.17	16	24	40

* In application of Royal Decree 451/2012, of 5 March, regulating the remuneration system for senior executives and directors in the state-owned corporate sector and other entities.

Financial Year 2023

	Average Number 2023			Total number as of 31 December 2023		
	Men	Women	Total	Men	Women	Total
Senior management*	2	4	6	2	4	6
Group II	13	9.16	22.16	13	9	22
Group III	1	4	5	1	4	5
Group IV	1	3	4	1	3	4
Group V	-	3	3	-	3	3
Total	17	23.16	40.16	17	24	40

* In application of Royal Decree 451/2012, of 5 March, regulating the remuneration system for senior executives and directors in the state-owned corporate sector and other entities.

12.3 Other operating expenses

The breakdown of the heading "Other operating expenses" in the accompanying profit and loss accounts for financial years 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Leases	638	623
Services of external professionals	1,634	1,863
Banking and similar services	15	25
Other operating expenses	370	366
Management Committee (Note 13)	123	116
Total	2,780	2,993

12.4 Other information

The fees relating to statutory audit services and to other services provided by FROB's auditor, PKF Attest Servicios Empresariales, S.L., or by any company related to the auditor through control, common ownership or management, for financial year 2024 are as follows (figures in thousand euros):

	Services provided by the statutory auditor and related companies	
	2024	2023
Audit services	33	33
Other assurance services	-	-
Total audit and related services	33	33
Tax advisory services	-	-
Other services	-	-
Total professional services	-	-
Total	33	33

13. Transactions and balances with related parties

The breakdown of balances recorded by FROB with related parties and recognised in these annual accounts for financial years 2024 and 2023 is as follows (figures in thousand euros):

Financial year 2024:

	Bank of Spain	Investee entities	Management Committee and Senior Management
Asset:			
Non-current investments in Group companies and associates – Equity instruments (Note 6.2)	-	8,961,829	-
Cash and cash equivalents – Treasury (Note 5)	192,866	-	-
Profit and loss account:			
Other operating income	-	-	-
Personnel expenses (Senior Management)	-	-	1,012
Other operating expenses (Note 12.3)	-	-	123
Financial expenses (Note 5)	-	-	-
Financial income (Note 6.5)	8,426	489,783	-

Financial year 2023:

	Bank of Spain	Investee entities	Management Committee and Senior Management
Asset:			
Non-current investments in Group companies and associates – Equity instruments (Note 6.2)	-	6,748,554	-
Cash and cash equivalents – Treasury (Note 5)	121,141	-	-
Profit and loss account:			
Other operating income	-	3	-
Personnel expenses (Senior Management)	-	-	992
Other operating expenses (Note 12.3)	-	-	116
Financial expenses (Note 5)	-	-	-
Financial income (Note 6.5)	5,042	-	-

In financial year 2024, FROB recognised an expense of 123 thousand euros (116 thousand euros as of 31 December 2023) relating to allowances corresponding to the Management Committee. Of this amount, the allowances corresponding to members considered Senior Officials are paid into the Treasury (Note 12.3).

As of 31 December 2024, no advances or loans have been granted, nor have any life or liability insurance policies, pension commitments or guarantee commitments been contracted, with any current or former members of FROB's Management Committee.

14. Subsequent events

The most significant subsequent events occurring between the close of the financial year and the date of preparation of these accounts are as follows:

- On 30 April 2025, BFA distributed to FROB 510 million euros as a final dividend against the individual result of financial year 2024. This is in addition to the interim dividend of 155 million euros distributed in November 2024, bringing the total dividend against BFA's result for financial year 2024 to 665 million euros.
- On 20 March 2025, within the framework of the announcements made in December 2024 by the Government of Spain regarding the creation of a state-owned housing company and the potential contribution of Sareb to the development of a public housing stock for affordable and social rental, a General Shareholders' Meeting of Sareb was held, with universal attendance, which unanimously agreed to instruct its Board of Directors to (i) work, in coordination with SEPES and the competent ministerial departments, on alternatives that would allow Sareb to participate in the creation of the state housing stock, and (ii) from 21 March 2025 until the General Shareholders' Meeting in which the scope of such collaboration is agreed, or, if no meeting is held before then, until 30 June 2025, temporarily suspend the marketing and sale of certain asset portfolios that may form part of the state housing stock. In this regard, it was agreed that Sareb would maintain its ordinary activity with respect to the rest of its assets. To this end, the agreement is subject to verification that, following such collaboration, Sareb continues to generate sufficient income to meet its essential obligations under certain reasonable assumptions until its liquidation in November 2027. The specific form of collaboration and the assets that may be affected will be determined by a new resolution of the General Shareholders' Meeting to be held before 30 June 2025.
- On 15 April 2025, Beka Titulización (Management Company of FTA2015) notified FROB of the agreement to liquidate the FTA. The liquidity line of FTA2015 with FROB was settled on 4 June 2025.

- Except as mentioned in the preceding paragraphs, from the close of the financial year to the date of preparation, no other significant events have occurred or come to light that warrant mention.

FROB

Management report for the
financial year ended 31
December 2024

1.- INTRODUCTION

In line with the approach followed in recent years, during financial year 2024 the activity of FROB was mainly twofold: (i) on the one hand, it carried out its functions within the framework of the Single Resolution Mechanism, as National Resolution Authority, and (ii) on the other hand, it continued with actions related to the restructuring and resolution processes of entities that received public funds in previous years.

2.- ACTIVITY WITHIN THE FRAMEWORK OF THE SINGLE RESOLUTION MECHANISM

With regard to the first of the aforementioned aspects, in the context of the European Resolution Mechanism, FROB carries out its functions as National Executive Resolution Authority within a broad institutional framework that requires close cooperation and coordination between the different National Resolution Authorities and the Single Resolution Board (SRB), as well as with supervisors at both national and Union level. FROB, through its Chair, represents Spain in the SRB.

Accordingly, FROB, as a member of the Plenary Session of the SRB, has participated in the various plenary meetings held, as well as in its committees and working groups, with the aim of advancing the development of a common vision within the Banking Union in the field of resolution planning and implementation. Likewise, FROB has participated actively, in close cooperation with the Spanish preventive resolution authorities, defending the Spanish position in the various European and international fora where resolution-related issues are discussed, including: the Resolution Committee (ResCo) of the European Banking Authority (EBA) and the Resolution Steering Group (ReSG) of the Financial Stability Board (FSB).

FROB also takes part in the SRB working teams for each of the significant credit institutions operating in Spain and votes in the Extended Executive Sessions that take decisions on them, in addition to being the authority responsible for the national implementation of SRB resolution decisions. In this framework, in June 2017 FROB implemented the resolution scheme of Banco Popular Español approved by the Single Resolution Board. This measure did not entail the granting of public aid or guarantees.

Finally, for other credit institutions (less significant institutions and investment firms), FROB is the authority responsible for approving and executing resolution measures and holds consultative powers in the planning phase.

3.- MONITORING OF RESOLUTION

At the same time, FROB has continued to monitor the measures arising from previous restructuring and resolution processes, as well as to manage and supervise the various financial support instruments and guarantees granted in the framework of such processes. In this regard, it should be noted that, in accordance with the first transitional provision of Law 11/2015, restructuring and resolution proceedings initiated prior to the entry into force of said Law, together with all ancillary measures accompanying them, including financial support instruments and the management of hybrid instruments, will continue to be governed, until their conclusion, by the regulations previously in force.

FROB's activity in this area at present derives mainly from the channelling by FROB, in December 2012 and March 2013, of the financial assistance provided by the European Stability Mechanism (ESM) for the recapitalisation of eight credit institutions undergoing restructuring or resolution, as well as for the subscription of part of the capital of the Company for the Management of Assets Arising from Bank Restructuring (Sareb) and the acquisition of part of its subordinated debt.

As a result of these actions, as of 31 December 2024, FROB continues to hold 100% of BFA, which in turn held an 18.03% interest in the share capital of CaixaBank at that date. In addition, FROB is the majority shareholder of Sareb, with a 50.14% holding following the acquisition process carried out on 5 April 2022.

The holdings that FROB maintained in the past in the other credit institutions receiving aid were the subject of successive divestment processes. The sale contracts of the various institutions or their asset portfolios included the granting of certain guarantees, all of which were fully settled in financial year 2024.

Furthermore, the different restructuring and resolution processes of institutions have been, and continue to be, the subject of various legal claims, so part of FROB's activity is focused on managing such litigation.

In addition, in June 2017, FROB implemented the resolution scheme of Banco Popular Español, approved by the Single Resolution Board. This measure did not entail the granting of public aid or guarantees..

3.1 BFA Tenedora de Acciones, S.A.U. ("BFA")

BFA was initially incorporated as a credit institution, although, as from 2 January 2015, its waiver to continue operating as a credit institution took effect and, on 28 January 2015, the corresponding deed amending its Articles of Association was registered with the Madrid Commercial Registry.

Until 26 March 2021, the date on which the merger between Bankia and CaixaBank was completed, under which Bankia shareholders received CaixaBank shares (0.6845 newly issued ordinary CaixaBank shares for each outstanding ordinary Bankia share), BFA remained the parent company of the Bankia Group. As of 31 December 2024, BFA holds an 18.03% interest in the share capital of CaixaBank, S.A.

With regard to the divestment period, under Law 9/2012, FROB was required to complete the divestment of its holding within five years from the time of the capital injection. However, Royal Decree 4/2016, of 2 December, on urgent financial measures, extended the period to seven years, setting the deadline in December 2019, with the possibility that, if necessary for better fulfilment of the resolution objectives, this period could be further extended by the Council of Ministers. In this regard, on 25 February 2025, the Council of Ministers approved a new extension of this period in order to promote the more efficient use of public resources by maximising the recovery of aid and implementing FROB's divestment strategy with greater flexibility. The period is currently extended until December 2027.

In accordance with the applicable valuation standards and criteria, FROB has estimated the recoverable amount of its holding in BFA. Consequently, as of 31 December 2024, the net carrying amount of FROB's holding in BFA, equal to its recoverable amount, stands at 8,961,829 thousand euros. This amount corresponds to the sum of BFA's individual equity, 5,560,265 thousand euros, and the latent capital gains of 3,401,564 thousand euros corresponding to BFA's holding in CaixaBank, as reflected in BFA's audited annual accounts for financial year 2024.

In financial year 2024, the results of BFA enabled FROB, for the first time, to receive 489,783 thousand euros in dividends from this investee: 334,783 thousand euros received as a dividend against BFA's 2023 result, and 155,000 thousand euros received as an interim dividend against BFA's 2024 result. These amounts are recognised under the heading "Financial income" in the accompanying profit and loss account (Note 6.5).

3.2.- SAREB

The Company for the Management of Assets Arising from Bank Restructuring, S.A. (Sareb) was incorporated pursuant to the seventh additional provision of Law 9/2012 of 14 November as a public limited company with a fixed duration until November 2027.

Sareb's equity at incorporation amounted to 4,800 million euros (8% of the total volume of assets), of which 1,200 million euros corresponded to share capital and 3,600 million euros to two issues of unsecured subordinated debt, contingently convertible, subscribed by the shareholders. FROB held 45.00% of Sareb's share capital (540 million euros) and 45.9% of its subordinated debt (1,652 million euros).

On 31 December 2012, the assets of the institutions classified in Group 1 (BFA-Bankia, Catalunya Banc, NCG Banco and Banco de Valencia) were transferred for the amount of 36,695 million euros, and on 28 February 2013, the assets of the Group 2 institutions (Liberbank, BMN, CEISS and Caja3) were transferred for the amount of 14,086 million euros. Thus, the total value of assets transferred to Sareb amounted to 50,781 million euros.

Payment for the transfer was made through the delivery of six issues of senior debt issued by Sareb with the irrevocable guarantee of the State, with a unit nominal value of 100,000 euros, maturities of 1, 2 and 3 years, an interest rate of 3M Euribor plus a spread, and the possibility of total or partial redemption through the issuance of

new bonds.

As a result of losses arising from the valuation of assets pursuant to Bank of Spain Circular 5/2015 of 30 September, which set out Sareb's accounting specifics, Sareb had negative equity of 1,218 million euros at year-end 2015. Consequently, the General Shareholders' Meeting, at its session of 5 May 2016, approved measures to restore the company's equity position, including the conversion of 2,170 million euros of subordinated debt into share capital. For FROB, these measures involved the conversion into share capital of 996 million euros of subordinated debt. Following this conversion, FROB's shareholding in Sareb's capital stood at 45.9%.

As a result of accumulated losses from its ordinary activity, Sareb had fully consumed its equity at year-end 2020, triggering one of the contingencies for the conversion of its subordinated debt. Accordingly, Sareb's Board of Directors, following approval by the General Shareholders' Meeting on 26 May 2021, adopted the necessary measures to restore the company's equity position, which included reducing the existing share capital to zero and capitalising the remaining balance of subordinated debt (1,430 million euros, of which 656 million euros corresponded to FROB). These measures entailed FROB derecognising its shareholding in Sareb's capital held at year-end 2020 and recognising a new holding equivalent to the balance of subordinated debt converted, thereby maintaining a 45.9% shareholding as of 31 December 2021, with no subordinated debt remaining in Sareb.

On 19 January 2022, Royal Decree-law 1/2022 of 18 January was published, amending Law 9/2012 of 14 November on the restructuring and resolution of credit institutions, Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms, and Royal Decree 1559/2012 of 15 November, which establishes the legal regime of asset management companies, in relation to the legal regime of Sareb (hereinafter "RDL 1/2022"). The purpose of RDL 1/2022, as set out in its preamble, was the urgent need to reform Sareb's capital structure and governance, in order to adapt it to the reclassification of Sareb in the National Accounts as a unit belonging to the General Government sector, which had taken place in financial year 2021.

Among other amendments, RDL 1/2022 eliminated the limits on the State's shareholding in Sareb, thereby allowing FROB to attain a majority position in Sareb's share capital with the objective of ensuring control of the company, while Sareb did not acquire the status of a state-owned enterprise.

Pursuant to the above, FROB's Management Committee, in its reduced composition, approved a procedure for the purchase of Sareb shares addressed to private shareholders, with the objective of achieving a majority holding of at least 50.01%. This purchase procedure was designed to meet requirements of transparency, competitiveness and non-discrimination, with the approval of the General Intervention Board of the State Administration both as to the reasonableness of the proposed purchase price and the conduct of the purchase procedure. It was therefore consistent with the general principles that must govern FROB's activity as a public entity. On the basis of this procedure, FROB sent all Sareb shareholders a purchase offer for their entire holding at a symbolic price (equivalent to 0.01 euros per 39,710 shares, which valued 100% of Sareb's share capital at 360 euros). This offer was accepted by 20 of Sareb's 31 private shareholders, representing 4.24% of the capital, thereby increasing FROB's shareholding to 50.14%.

At year-end 2024, FROB's 50.14% holding in Sareb's share capital was fully impaired.

3.3 Monitoring and management of guarantees granted in divestitures

Within the framework of the sale and resolution processes of financial institutions, FROB has historically granted a number of guarantees, the objective of which was to encourage the participation of different purchasers in order thereby to maximise the outcome of the sales and minimise the use of public resources. In financial year 2024, the final settlement of these guarantees took place.

Catalunya Banc, S.A. (CX)

On 21 July 2014, following a competitive process, the sale by FROB and the Deposit Guarantee Fund of their respective holdings in the share capital of Catalunya Banc (98.4% of the company's capital) was awarded to Banco Bilbao Vizcaya Argentaria, for the amount of 1,165 million euros². The sale was formalised on 24 April 2015.

In parallel with this divestment process, the institution itself sold a portfolio of loans (the "Hércules" portfolio) to Blackstone through an Asset Securitisation Fund (FTA). The sale was formalised on 15 April 2015.

² Of which 67.08% corresponds to FROB and 32.92% to the Deposit Guarantee Fund.

In addition, within the framework of both the portfolio sale and the institution sale, FROB granted a series of guarantees which, as of 31 December 2024, have been fully settled. Furthermore, in the context of the asset portfolio sale, FROB granted a liquidity line.

As of 31 December 2024, the outstanding balance drawn under this liquidity line amounts to 1 million euros, and it generated financial income during the year of 0.274 million euros..

NCG Banco, S.A. (NCG)

On 18 December 2013, FROB's Management Committee resolved to award the sale of 88.33% of the shares of NCG (owned by FROB and the Deposit Guarantee Fund) to Banco Etcheverría – Grupo Banesco (Abanca Holding) for the amount of 1,003 million euros, with the following payment schedule: 40% upon formalisation of the sale and the remaining 60% in successive instalments up to 2018. On 25 June 2014, all the suspensive conditions included in the sale and purchase agreement were fulfilled, and the effective transfer of the shares took place on that date. At that time, the purchaser made payment of the first 403 million euros. A schedule was established for the payment of the remaining amount in different tranches, with the purchaser reserving the right to advance such payments. Accordingly, on 6 May 2016, the purchaser advanced payment of 300 million euros and, on 3 February 2017, payment of the remaining 300 million euros, thereby completing payment in full before the scheduled date.

In addition, in order to maximise the sale price and thereby minimise the use of public resources, certain guarantees were granted to NCG, all of which, as of 31 December 2024, have been fully settled.

4.- FINANCING AND TREASURY MANAGEMENT

With regard to the loan agreement between the State, as lender, and FROB, as borrower, signed in December 2012 for the implementation of the European financial assistance programme, which enabled the funds disbursed by the European Stability Mechanism (ESM) to the Kingdom of Spain to be channelled to Spanish credit institutions³, it should be recalled that the financial conditions applied are those in force under the loan signed between the Kingdom of Spain and the ESM.

Following the repayments carried out in 2014⁴, and the successive conversions into equity contributions of parts of the loan that took place in December 2013, June 2017, February 2020 and December 2021, in the amounts of 27,170, 3,000, 3,000 and 5,591 million euros respectively, the outstanding balance of the State loan to FROB as of 31 December 2023 amounted to 1,865 million euros.

During financial year 2024, the first maturity corresponding to Tranche 2 of the loan took place in the amount of 932,500 thousand euros. In addition, FROB made the corresponding payments in respect of fees and interest.

Furthermore, FROB's borrowing limit established in Article 49 of Law 31/2022 of 23 December, on the General State Budget for 2023, extended to 2024, was 6,870 million euros. As of year-end 2024, FROB's indebtedness stood at 934 million euros. In addition, FROB has capacity to issue debt with a State guarantee in the amount of 5,200 million euros in addition to its existing indebtedness.

As regards treasury, as of 31 December 2024, the breakdown is as follows:

³ The first disbursement (39,468 million euros) was used for the recapitalisation of the Group 1 institutions (BFA-Bankia, NCG Banco, Catalunya Banc and Banco de Valencia), as well as to finance FROB's contribution to Sareb, while the second disbursement (1,865 million euros) was allocated to the recapitalisation of the Group 2 institutions (Banco Mare Nostrum, Banco Ceiss, Caja 3 and Liberbank).

⁴ On the one hand, the return of funds not applied to Sareb (307.54 million euros) and, on the other hand, a voluntary partial repayment of 399.28 million euros.

PRODUCT	NOMINAL (Million €)
Government debt portfolio	-
Current accounts	194
Total	194

5.- OTHER MANAGEMENT EVENTS THAT OCCURRED DURING 2024

In addition, regarding aspects related to the management and operation of FROB, the following events are noteworthy:

- In accordance with Article 55 of Law 11/2015, Royal Decree 181/2024 of 13 February appointed Mr Álvaro López Barceló as Chair of FROB (Official State Gazette of 14 February).
- The annual accounts and management report of FROB for financial year 2023 were prepared and approved, as well as their submission to the Ministry of Economy, Trade and Enterprise and to the General Intervention Board of the State Administration for inclusion in the General State Account and subsequent referral to the Court of Auditors.

6.- SUBSEQUENT EVENTS AND OUTLOOK FOR FINANCIAL YEAR 2025

In the year ended 31 December 2024, BFA obtained a profit of 756 million euros and, by resolution of the sole shareholder of 28 April 2025, FROB approved the proposal to distribute 665 million euros to FROB by way of dividend, representing 88% of the profit earned by the company, through an interim dividend and a final dividend. The interim dividend against the 2024 result in the amount of 155 million euros was distributed to FROB in November 2024, while the 510 million euros of final dividend against the 2024 result were transferred to FROB on 30 April 2025.

The distribution of this dividend against the 2024 result in the amount of 665 million euros adds to the dividend distributed in May 2024 against the 2023 result of 335 million euros, bringing the total amount effectively recovered by FROB via dividends from the aid injected into the BFA-Bankia Group to 1,000 million euros.

Furthermore, within the framework of the announcements made in December 2024 by the Government of Spain concerning the creation of a state-owned housing company and the potential contribution of Sareb to the development of a public housing stock for affordable and social rental, on 20 March 2025 a General Shareholders' Meeting of Sareb was held, with universal attendance, which unanimously resolved to instruct its Board of Directors to (i) work, in coordination with SEPES and the competent ministerial departments, on alternatives that would allow Sareb to contribute to the creation of the state housing stock, and (ii) from 21 March 2025 until the General Shareholders' Meeting at which the scope of such contribution is determined, or, if no such meeting is held beforehand, until 30 June 2025, temporarily suspend the marketing and sale of certain asset portfolios that may form part of the state housing stock. In this respect, it was agreed that Sareb would maintain its ordinary activity with regard to the remainder of its assets. To this end, the agreement is subject to verification that, following such contribution, Sareb continues to generate sufficient income to meet its essential obligations under certain reasonable assumptions until its liquidation in November 2027. The specific form of contribution and the assets that may be affected will be determined by a new resolution of the General Shareholders' Meeting to be held before 30 June 2025.

On 15 April 2025, Beka Titulización (Management Company of FTA2015) informed FROB of the agreement to liquidate the FTA. The FTA2015 liquidity line with FROB was settled on 4 June 2025.

With regard to FROB's outlook for financial year 2025, it will continue with its regular tasks to ensure its capacity to carry out any resolution process swiftly and efficiently, both within the framework of the Single Resolution Mechanism and at national level, in particular by adapting its manuals and internal procedures to the highest international standards and testing crisis management capabilities through simulation exercises.

Similarly, in 2025 it will be crucial to monitor developments in the financial sector in a changing geopolitical and macroeconomic environment. To this end, a high level of coordination and cooperation will be maintained with the

various institutions with responsibilities in the field of resolution and supervision, both at national level (Bank of Spain and CNMV) and internationally (in particular with the Single Resolution Board, the European Banking Authority and the Resolution Steering Group of the FSB). In addition, in the context of the reform of the European Union crisis management framework, technical support will continue to be provided to the General Secretariat of the Treasury and International Financing, bringing to bear FROB's knowledge and practical experience acquired in recent years.

At the same time, channels of communication and coordination will continue to be strengthened with other external stakeholders that may be directly or indirectly involved in the execution of a resolution.

FROB will also continue to monitor past restructuring and resolution processes. This involves detailed monitoring of the activity of the entities in which FROB holds equity interests.

With regard to contributions to the SRF for the 2025 cycle, after carrying out the verification exercise whereby the SRB confirmed that SRF resources exceeded the target level, the SRB announced on 10 February 2025, via its website, that the target level of the SRF had been reached and that, therefore, no contributions would be collected in 2025.

In addition, a considerable workload is expected in 2025 stemming from legal proceedings associated with the actions carried out by FROB.

Lastly, with regard to FROB's financing through the levy regulated in the sixteenth additional provision of Law 11/2015, it will be necessary to amend its current legal regime in order to decouple it from the ordinary contributions to the National Resolution Fund or, where applicable, to the Single Resolution Fund.

7.- OTHER INFORMATION

During financial year 2024, no research and development activities were carried out. Furthermore, FROB's equity fund is not made up of shares that may be acquired by the entity and, therefore, no own shares exist.

FROB

The undersigned, Chair of FROB, hereby prepares, on 20 June 2025, the present Annual Accounts of FROB for the financial year ended 31 December 2024 and the Management Report for financial year 2024, printed on the 45 attached pages, duly initialled by me for identification purposes, which shall be submitted for approval by the Management Committee.

Signed. Álvaro López Barceló
Chair of FROB